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FINANCE FACTS

A Monthly Publication on Consumer Financial Behavior

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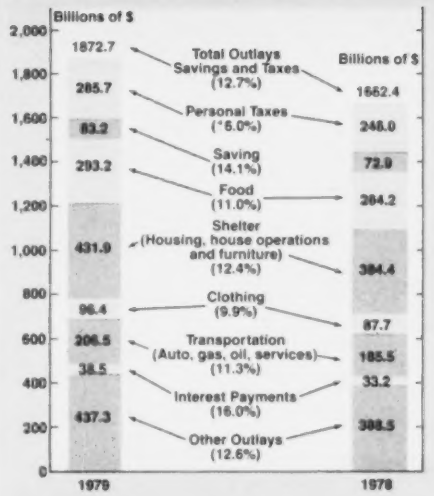
OCTOBER 1979

CONSUMER PRICES AND OUTLAYS

Consumer prices averaged 10.4% higher in first half 1979 than in first half 1978. By contrast, spendable average weekly earnings were 7.0% higher. Personal taxes were 16.1% higher as a larger share of income was taxed at higher rates. Social insurance taxes paid by individuals were up 16.3% as the rate paid by employees increased from 6.05% of earnings up to $17,700 in 1978 to 6.13% of earnings up to $22,900 in 1979.

Total personal outlays were 11.9% more in first half 1979 than first half 1978, personal outlays for food 11.0%, and transportation 11.3% more. Spending for shelter increased 12.4%, clothing and shoes 9.9%, and all other goods and services 12.6%. Interest payments to business were 16.0% higher and personal saving 14.1% higher.

Personal Overlays, Taxes and Saving 1st half 1979 and 1st half 1978
(Percent increase in parentheses)
(Personal outlays—11.9%)



HOME MORTGAGE RATES

Conventional home mortgage rates increased further from early July to early August. In early August, major mortgage lenders quoted average effective commitment rate of 11.22% on fixed-rate loans for purchase of newly built single-family homes with a 75% loan-to-price ratio and 25-year term to maturity. This was only 2-basis-point increase from early July and compares with average monthly rise of 18 basis points during previous 3 months. It also was smallest monthly increase in almost a year. Average effective interest rate on loans closed for purchasing newly built, single-family homes was 11.02% in early August, up 24 basis points from early July and twice June-to-July increase.

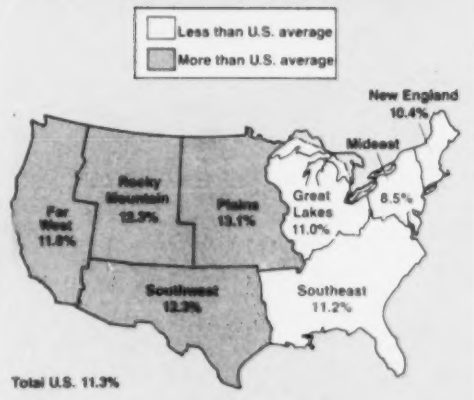
1978 STATE PER CAPITA PERSONAL INCOME

State per capita personal income in 1978 ranged from $10,963 in Alaska and $9,439 in Nevada to $5,529 in Mississippi, according to revised estimates of U.S. Department of Commerce. The U.S. average was $7,836. In District of Columbia, per capita personal income was $9,924, more than in all States except Alaska.

Most of the 20 States (and District of Columbia) with per capita personal incomes equal to or above U.S. average were in the Northeast-Great Lakes manufacturing belt and Far West region. Most of the 30 States with per capita personal incomes below U.S. average were in Southeast, Southwest, and Plains regions.

Changes in State per capita personal income from 1977 to 1978 ranged from increases of 21.9% in North Dakota to 4.8% in Alaska. Regionally, the Far West at $8,812 was ranked highest, 12% above U.S. average, and Southeast at $6,773 lowest, 14% below.

Per Cent Change in Per Capita Personal Income by Region, 1977-1978



Source: Department of Commerce

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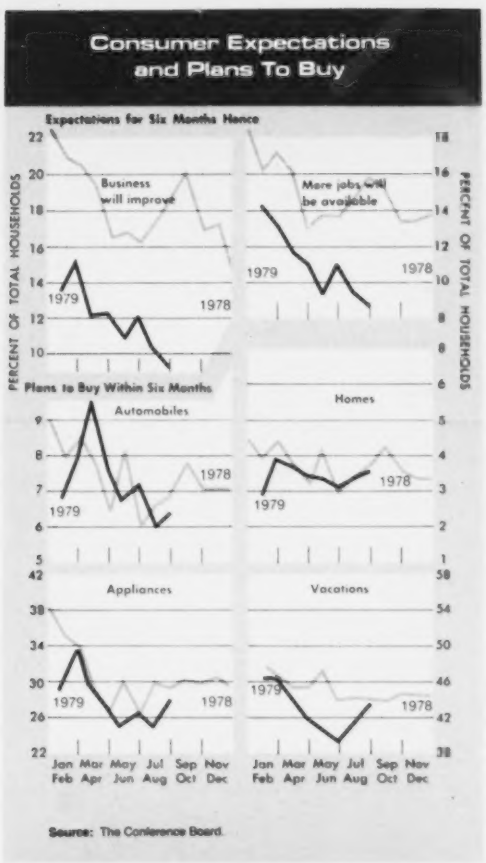

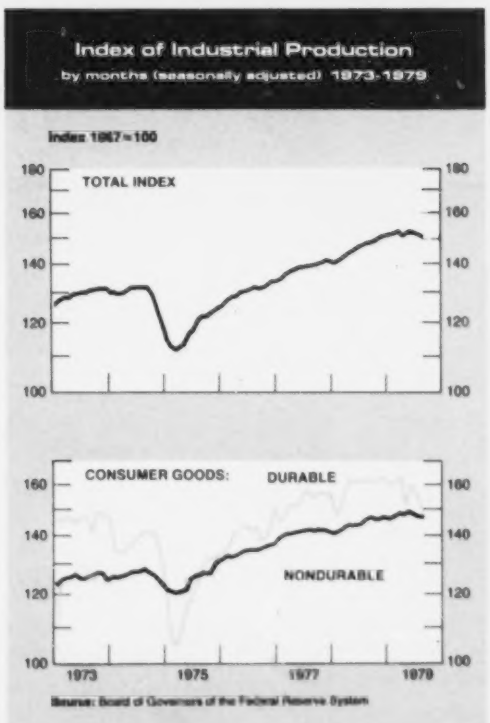

CONSUMER CONFIDENCE

Level of consumer optimism edged down marginally in August. The Conference Board's Consumer Confidence Index (1969-1970=100) registered 64.3, loss of less than 3 points. Buying plans, which have been dropping steadily since early in year, registered improvement in August.

In assessing current business scene, consumers are somewhat less optimistic than in preceding month, although their evaluation of the job situation has improved marginally. Nevertheless, expectations for future are slightly less optimistic than previously. Fewer persons believe that business will improve over next six months, and there has been decline in number who expect jobs will become more available.

Plans to spend for all major categories have turned somewhat stronger. In last probe, 6.3% of all respondents indicated they plan to purchase car—new or used—within next six months, up marginally from 6.0%. Plans to buy a home are up to 3.5% compared with earlier 3.3%. Consumer interest in major appliances is also greater, 27.6 plans to purchase were recorded for every 100 households surveyed, from 24.9 plans last time. Of respondents 43.4% indicated they planned to take vacation within next six months, up from 39.1% earlier.

BUSINESS CONFIDENCE

The Conference Board's Measure of Business Confidence has fallen to its lowest level since this measure was created in early 1976. The Confidence Measure, based on a survey of more than 1,600 chief executives across the country, expressed on scale of 0-100, plummeted to 32 in third quarter of this year, down from 41 in second quarter. Year ago figure was 49.

Nation's top executives are less optimistic now than earlier in year about all three components that make up Confidence Measure: current business conditions, economic outlook for next six months, and prospects for their own industries. Their rating of current economic conditions declined to 28, down from 47 in second quarter and 58 year ago. Their expectations for the economy declined to 29, down from 33 in second quarter. Their expectations for their own industries dipped to 38, compared with 43 in second quarter.

INDUSTRIAL PRODUCTION

Industrial production declined by estimated 1.1% in August following 0.1% increase in July and no change in June. Output of durable consumer goods was reduced sharply in August for third successive month. Business equipment and materials declined 0.8% and 1.0%, respectively. At 150.9% of 1967 average, total index was 1.4% below peak level of March 1979 and 2.0% above year earlier.

Output of consumer durable goods fell 5.4% in August as auto assemblies were reduced about 15%, and production of home goods was cut back. Output of consumer nondurable goods also declined. Production of business equipment was lower in August than in July as result of declines in business vehicles and strike-related cut in power equipment.

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PERSONAL INCOME

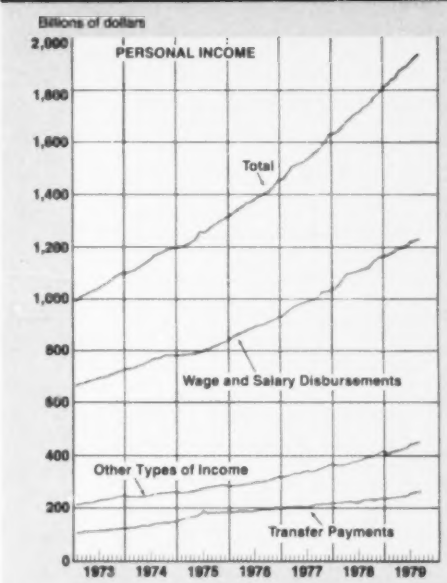
Personal income increased $8.4 billion in August to seasonally adjusted annual rate of $1,938.1 billion, according to U.S. Department of Commerce. Personal income increased $24.5 billion in July and $13.6 billion in June, based on revised estimates.

Wages and salaries increased $4.0 billion in August, compared with $8.7 billion in July. Commodity-producing industries' payrolls declined $1.4 billion, following increase of $3.1 billion in July. August decline in commodity-producing industries' payrolls was in manufacturing, which declined $1.7 billion, following an increase of $2.2 billion in July.

Transfer payments increased $2.6 billion in August, compared with $13.5 billion in July. Large July increase included $11.1 billion in cost-of-living increases; $9.7 billion increase in social security benefits was the major item.

Selected Components of Personal Income

(Seasonally Adjusted at Annual Rates)



Source: U.S. Department of Commerce

EMPLOYMENT GROWTH TRENDS

Total employment held steady in second quarter 1979 after 15 quarters of consecutive increases. All sectors, except government, experienced employment gains at beginning of year but by mid-year many had slight declines. Unemployment, which had declined for 14 quarters, was virtually unchanged at 5.7% during first half 1979. Labor force participation rates were down by mid-year, after growing rapidly in first quarter.

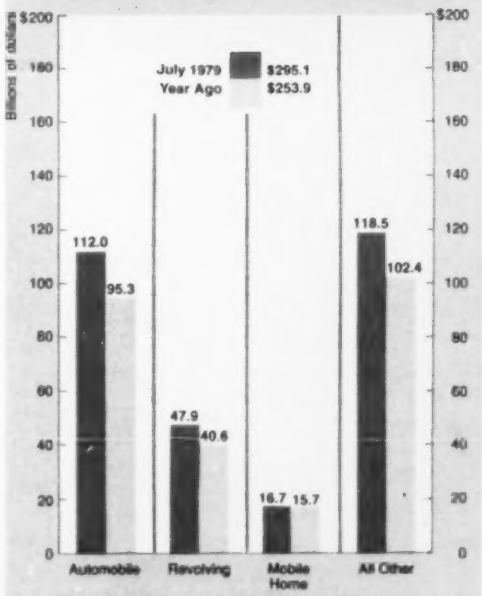
CONSUMER INSTALLMENT CREDIT

Total consumer installment credit at end July 1979 was $295.1 billion. Of this amount, $112.0 billion was outstanding in automobile credit, $47.9 billion in revolving credit, $16.7 billion in mobile home credit, and $118.5 billion in all other credit (consisting of revolving credit, other consumer goods and personal loans).

Net increase in installment credit outstanding by type since end July 1978 amounted to $41.2 billion. Of this increase, $16.7 billion was in automobile credit, $7.3 billion in revolving credit, $1.1 billion in mobile home credit and $16.1 billion in all other credit.

Net increase by institution over the year was: commercial banks—$18.5 billion; finance companies—$13.0 billion; credit unions—$5.4 billion; and all others—$4.3 billion.

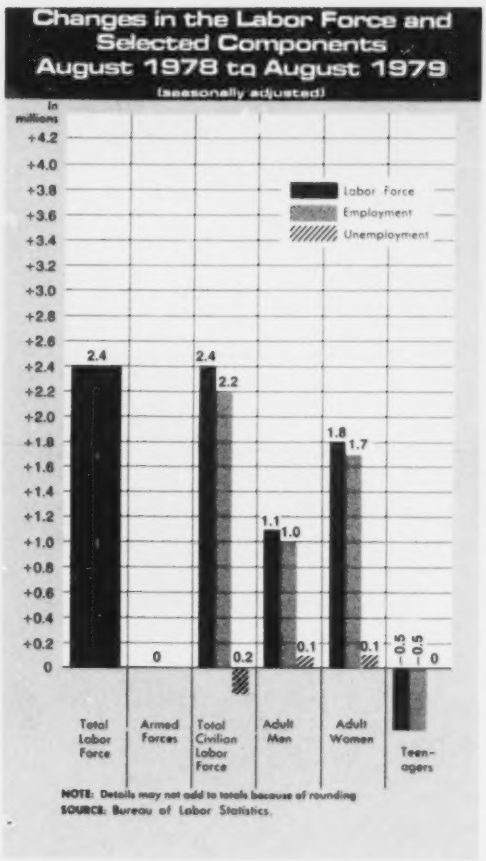
Consumer Installment Credit Outstanding



Source: Board of Governors of the Federal Reserve System
Note: Parts may not add to totals due to rounding.

PRODUCER PRICE INDEXES

Producer Price Index for Finished Goods moved up 1.2% from July to August on seasonally adjusted basis, U.S. Department of Labor reported. August advance was about same as July. Prices for intermediate (semi-finished) goods also rose 1.2%, following even larger increase in preceding month. After increasing sharply in July, crude material prices edged up only slightly. Prices for finished consumer goods advanced 1.6% following 1.2% upward movement in July, capital equipment prices rose much less in August (0.1%) than in preceding month (0.8%).



EMPLOYMENT SITUATION

Unemployment rose in August and total employment declined, U.S. Department of Labor reported. The Nation's overall unemployment rate was 6.0%, up from 5.7% in July. Total employment fell by 310,000 in August to 96.9 million. Employment has shown no growth over March-August period. Nonfarm payroll employment held at July level of 88.8 million.

Unemployment rate rose from 5.7 to 6.0% in August; during prior 12-month period rate had fluctuated narrowly around 5.8%. Number of persons unemployed also increased over month, from 5.8 to 6.1 million. Much of this increase was due to sharp jump in number of persons on layoff. Unemployment rate for adult men (4.2%) was little changed over month, jobless rate for adult women rose from 5.5% in July to 5.9% in August, and teenage rate increased from 15.3 to 16.5%.

Total employment declined by 310,000 in August to 96.9 million; this reduction was concentrated among teenagers. Employment in August was at about level prevailing in March. Because of steady upward trend prior to March, employment showed strong growth over past year (2.1 million), with all major demographic groups sharing in the advance.

1980 CENSUS

Census of Population and Housing will officially begin on Tuesday, April 1, 1980, when the Census Bureau will count all residents of the U.S. Census is expected to count approximately 222 million people and 86 million housing units. Data will be compiled for 3,200 countries; 20,000 incorporated villages, towns and cities; 37,000 county subdivisions; 45,000 census tracts; 300,000 enumeration districts and block groups; 2,500,000 city blocks. Constitutional purpose is to provide the basis for fair apportionment among the States of seats in the House of Representatives. Census data also are used to guide the distribution of billions of dollars in Federal funds to State and local governments and the distribution of additional billions of dollars in State funds.

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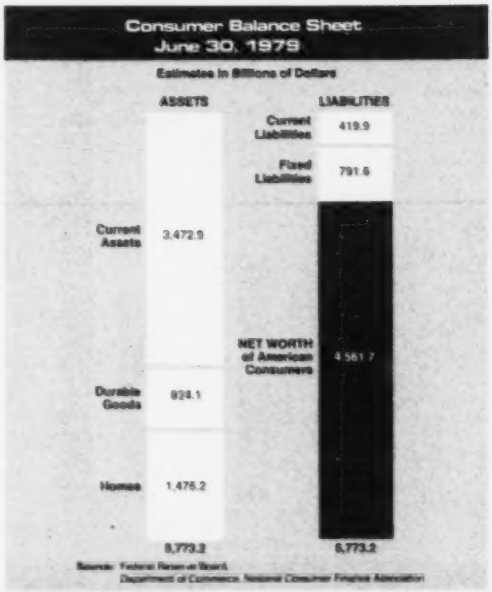
NOVEMBER 1979

CONSUMER BALANCE SHEET

Total assets of consumers are preliminarily estimated at $5,773.2 billion as of June 30, 1979. At the same time, consumers had liabilities of $1,211.5 billion leaving them a net worth of $4,561.7.

Current (financial) assets were estimated at $3,472.9 billion. Fixed assets included $1,476.2 billion in homeownership and $824.1 billion as the value of durable goods for a total of $2,300.3 billion. Current liabilities stood at $419.9 billion and fixed liabilities of mortgage debt at $791.6 billion to bring total liabilities to $1,211.5 billion.

Asset and debt position of the American consumer at end June 1979 showed 10.2 to 1 asset-to-debt ratio of all assets and debts excluding those involving homeownership where the ratio was 1.9 to 1. The ratio of all assets to all debts was 4.8 to 1. Owners' equity stood at 79.0% of consumer assets mid-way through 1979.



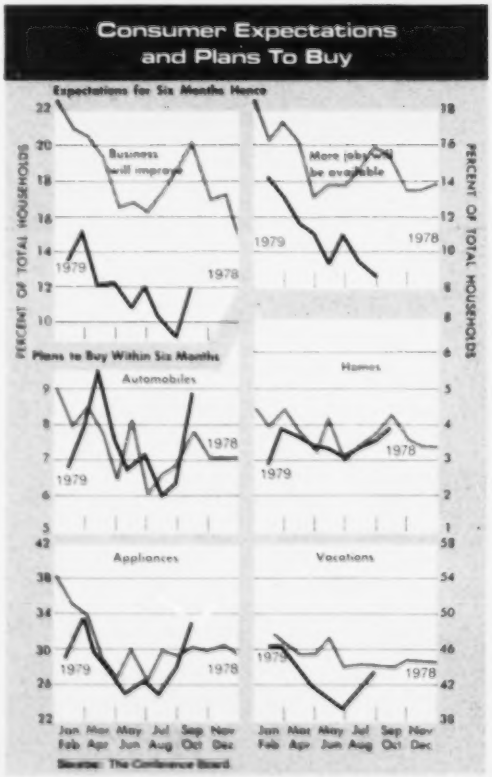
FARM POPULATION OF THE UNITED STATES IN 1978

Number of persons living on farms averaged 6.5 million or 3% of the 218 million population in 1978 according to U.S. Bureau of the Census. By contrast, 30% of Nation's population lived on farms in 1920, 15% in 1950, and 5% in 1970.

Of those 5.2 million living on farms who were 14 years of age and over in 1978, 1.8 million were employed in agriculture, 1.4 million were employed in other pursuits, 0.1 million unemployed, and 1.9 million were not in the labor force.

Number employed primarily in agriculture in 1978 averaged 3.6 million (1.8 million farm residents), of whom 1.6 million were self-employed (1.1 million farm residents), 1.6 million wage and salary workers (0.4 million farm residents), and 0.4 million unpaid family workers.

Only 2.2% of those in labor force living on farms in 1978 were unemployed in contrast to 6.5% of nonfarm civilian labor force.



CONSUMER CONFIDENCE

Consumer optimism has revived for first time this year but may be short lived, The Conference Board reports. Consumer Confidence Index (1969-1970 = 100) climbed to 76.5 in September, up about 12 points over August. Last October, this measure was 101.4. The Buying Plans Index rose to 117.9 in September, gain of nearly 20 points. Latest advance in consumer confidence was attributed largely to easing of gasoline shortage, and to recent improvement in employment conditions.

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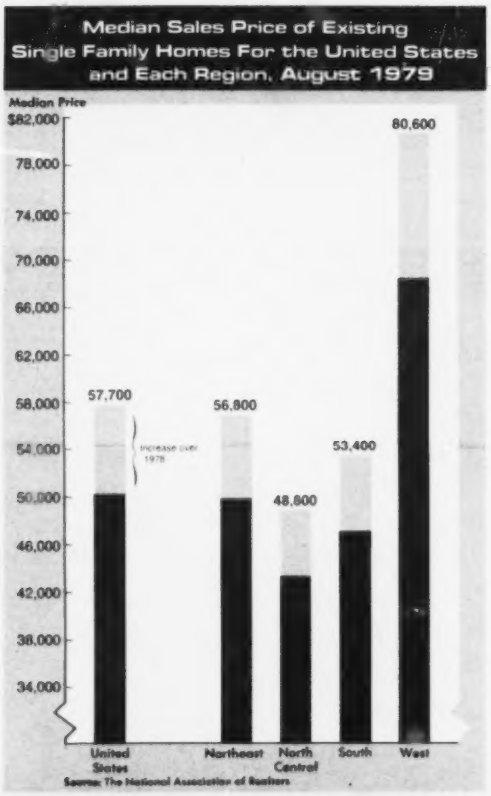
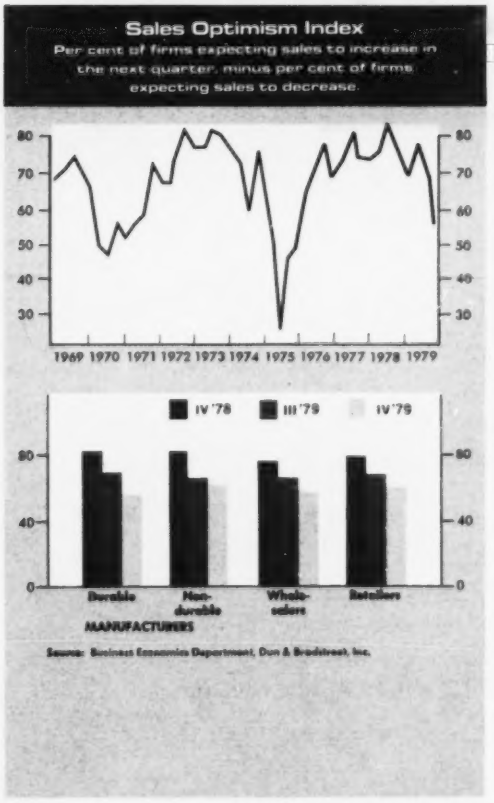
NOVEMBER 1979





EXISTING HOME SALES

Median sales price of existing single family homes declined $200 to $57,700 from July to August. Despite modest drop, median sales price was still $7,400 (14.7%) above median price of August 1978. Virtually all of price decline occurred in Northeast region, where median sales price dropped $1,900 to $56,800. The South experienced $200 dip to $53,400, North Central region remained at $48,800, the West rose $600 to $80,600.

1979 CAPITAL SPENDING PLANS

Business plans to spend $174.1 billion for new plant and equipment this year, 13.2% more than 1978, according to U.S. Department of Commerce. Planned increase in spending for 1979 (indicated by latest survey) is larger than 12.7% increase reported in June and 11.3% increase reported in March. Spending in 1978 was $153.8 billion, 13.3% more than 1977.

Spending in the second quarter rose 4.6% to annual rate of $173.5 billion following 1.2% rise in first quarter. Plans call for a 1.0% rise in third quarter and 2.4% rise in fourth. Capital goods prices rose at annual rate of about 9% in first two quarters of 1979. Increase in real spending of about 4% is indicated for 1979. Last year, capital goods prices rose less than 8% and real spending rose 5%.

BUSINESSMEN'S EXPECTATIONS

Business confidence about sales and profits prospects took steepest drop in four years in Dun & Bradstreet's latest Survey of Business Expectations. However, among the 1,483 executives interviewed about their outlook for fourth quarter 1979, optimism still did not plunge to low ebbs reached in 1970 and in 1974-75.

The Sales Optimism Index (percentage expecting increases minus percentage expecting decreases) fell 13 points to 56, from 69 in previous quarter, and sank 23 points from comparable fourth quarter year ago. Manufacturers of durable goods showed greatest loss of optimism, down 15 points from preceding survey, manufacturers of non-durable goods least, down 7 points. Over-all, business executives remained more confident than in 1975's final quarter when index sank to 48.

PRODUCER PRICE INDEXES

Producer Price Index for Finished Goods moved up 1.4% from August to September on seasonally adjusted basis, according to U.S. Department of Labor. During third quarter this index advanced at seasonally adjusted annual rate of 15.7%, compared with 6.8% rate in previous 3 months and 14.3% rate in first quarter of year. Prices for intermediate goods continued to rise at rapid pace (1.5%). Crude material prices rose 2.1%, substantially more than in recent months.

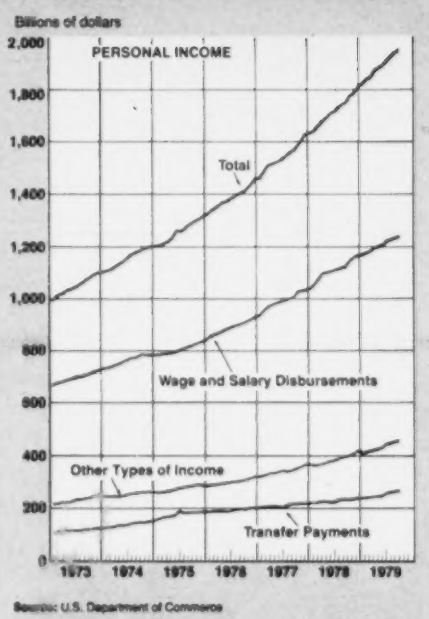
Index for consumer nondurables other than foods advanced 2.5% in September, about same as in August. For quarter ending in September, index rose at seasonally adjusted annual rate of 34.0%, steepest rise since early 1974. Index for consumer durables rose 0.7% in September, compared with 0.5% rise in August. During third quarter this index moved up at 9.2% seasonally adjusted annual rate, about the same as in first half of year.

PERSONAL INCOME

Personal income increased $12.1 billion in September to seasonally adjusted annual rate of $1,955.2 billion, according to U.S. Department of Commerce. Wages and salaries increased $10.5 billion in September, compared with $5.7 billion in August. Commodity-producing industries' payrolls increased $3.5 billion, following decline of $1.3 billion in August. Distributive industries' payrolls increased $2.5 billion, compared with $3.2 billion. Service industries' payrolls increased $3.9 billion, compared with $2.4 billion. Government payrolls increased $0.6 billion, compared with $1.4 billion. Turnaround in September in commodity-producing industries' payrolls was due to manufacturing, which increased $2.6 billion in September, following decline of $1.8 billion in August. Higher employment and average hourly earnings accounted for increase; average weekly hours declined.

Selected Components of Personal Income

(Seasonally Adjusted at Annual Rates)



Source: U.S. Department of Commerce

ENERGY

U.S. average price for all types of gasoline was 96.7 cents in August, up 3.7 cents from July. During first 8 months of 1979, U.S. average price for all types of gasoline rose 28.2 cents. In August, prices of leaded regular gasoline averaged 94.3 cents; unleaded regular gasoline, 98.8 cents; and leaded premium gasoline, $1.004. In 28 cities for which gasoline prices are published prices were lowest in Houston, highest in Buffalo.

U.S. average price per gallon of fuel oil (home heating oil) was 80.0 cents in August, up from 75.2 cents in July. U.S. average price of fuel oil increased 25.5 cents per gallon from December 1978 to August 1979. In 15 cities for which fuel oil prices are published, average price per gallon ranged from low of 73.8 cents in Baltimore to high of 86.4 cents in Buffalo.

EMPLOYMENT SITUATION

Employment rose in September and unemployment declined U.S. Department of Labor reported. Nation's overall unemployment rate was 5.8%, down slightly from 6.0% in August but little different from rates over past year. Total employment advanced by 610,000 in September to 97.5 million.

September unemployment rate, 5.8%, and number of unemployed persons, 6.0 million, edged down from levels of August. Since August 1978, jobless rate has fluctuated within range of 5.6 to 6.0%. Virtually all over-the-month reduction in unemployment took place among adult women, reversing increases of prior month.

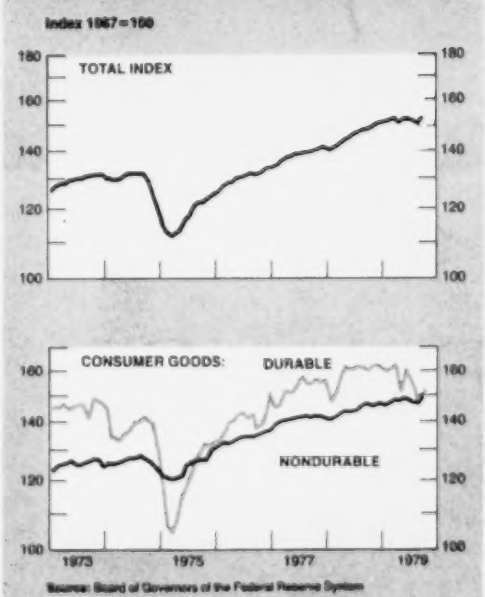
INDUSTRIAL PRODUCTION

Industrial production increased by estimated 0.5% in September, largely reflecting rebound in production of motor vehicles. Index had declined 0.9% in August following gains of 0.1% in both June and July. At 152.3% of 1967 average, September index was 2.5% above level of year earlier and 0.5% lower than its recent high in March 1979.

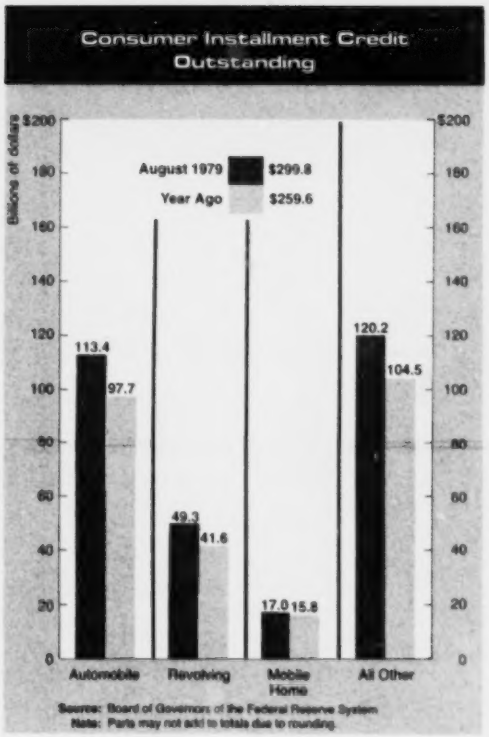
Output of consumer durable goods rose 3.2% in September, as auto assemblies were about 5% higher than August. Output of consumer nondurable goods increased slightly, mainly in foods.

Index of Industrial Production

by months (seasonally adjusted) 1973-1979



Source: Board of Governors of the Federal Reserve System



CONSUMER INSTALLMENT CREDIT

Total consumer installment credit at end August 1979 was $299.8 billion. Of this amount, $113.4 billion was outstanding in automobile credit, $49.3 billion in revolving credit, $17.0 billion in mobile home credit, and $120.2 billion in all other credit (consisting of revolving credit, other consumer goods and personal loans).

Net increase in installment credit outstanding by type since end August 1978 amounted to $40.2 billion. Of this increase, $15.7 billion was in automobile credit, $7.6 billion in revolving credit, $1.2 billion in mobile home credit and $15.7 billion in all other credit.

Net increase by institution over the year was: commercial banks—$17.7 billion; finance companies—$12.8 billion; credit unions—$5.1 billion; and all other—$4.6 billion.

COMPOSITE INDEXES

Composite index of leading indicators was unchanged in August at level of 139.1 (1967 = 100), according to U.S. Department of Commerce. Four of ten indicators available for August contributed increases to index: change in total liquid assets, change in sensitive prices, stock prices, and building permits. Change in total liquid assets contributed largest increase. Six of ten contributed declines: average workweek, layoff rate, vendor performance, contracts and orders for plant and equipment in 1972 dollars, money supply in 1972 dollars, and new orders in 1972 dollars. Layoff rate contributed largest decline.

RETAIL SALES

Total sales of retail stores in August were about 1% above July and 8% higher than August a year ago. August estimate, excluding automotive group was 1% above July and 11% above August last year.

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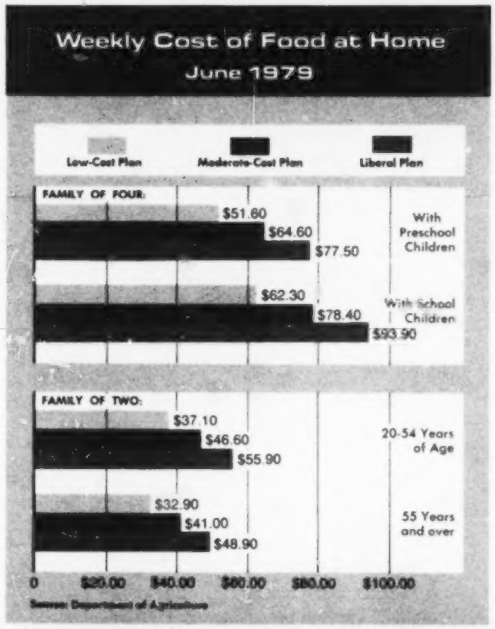
COST OF FOOD AT HOME

Cost of similar market baskets of foods rose over 10% between June 1978 and June 1979. Examples of low-cost plan in June 1979 were $62.30 for food for one week for family of four with school children and $37.10 for family of two between 20 and 54 years of age, compared to $57.30 and $34.30, respectively, for June 1978.

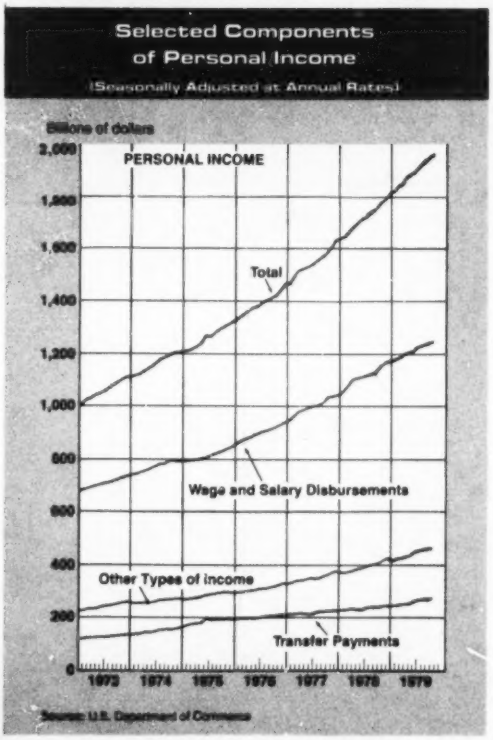
Liberal plan for food at home for one week was estimated to cost family of four with children in school $93.90 and for family of two between 20 and 54 years of age $55.90.



LABOR CONTRACTS

Most major U.S. companies are negotiating labor contracts they can live with, according to study by The Conference Board, although sizable wage boosts have recently been won by auto workers and others. The study covers experiences of 778 companies, two thirds of which deal with unions. About half negotiated their most recent wage and benefit packages either at or below company's target. Most of other firms missed their target by less than 1%.

The more unionized a company is, the study finds it more likely to be pushed beyond its wage targets. Some 58% of most heavily unionized companies settled above their targets, compared with only 28% of least unionized firms. Most firms have developed sophisticated machinery to manage and control their labor costs. About 60% of all companies surveyed rate their ability to reach management bargaining objectives as good or very good.



PERSONAL INCOME

Personal income increased $16.6 billion in October to seasonally adjusted annual rate of $1,975.1 billion, according to U.S. Department of Commerce. Private wages and salaries increased $6.6 billion, commodity-producing industries' payrolls increased $3.5 billion, distributive industries' payrolls increased $1.5 billion. Government wages and salaries increased $4.1 billion in October. A 7% pay raise for Federal civilian and military personnel accounted for $3.4 billion of October increase.

Manufacturing payrolls increased $3.1 billion in October. Higher average hourly earnings accounted for most of October increase. Payroll gains were about equally divided between durable and nondurable goods industries. Nonwage income increased $6.4 billion, mostly due to rental income. Transfer payments increased $2.4 billion, double the September figure.

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DECEMBER 1979

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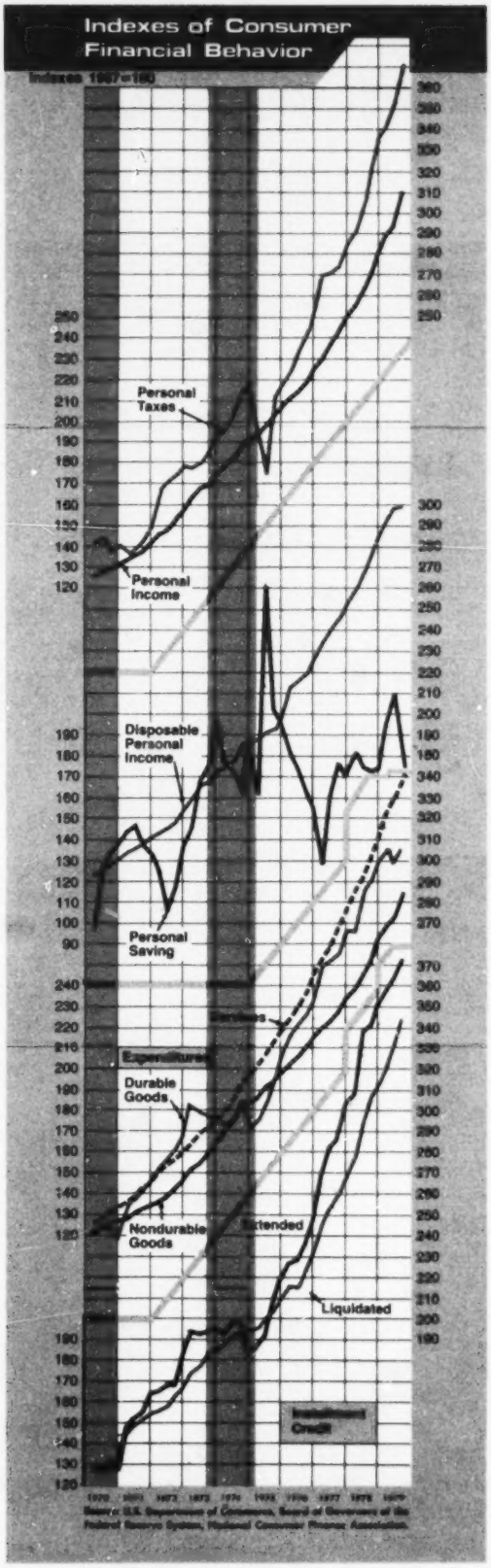

CONSUMER FINANCIAL BEHAVIOR

Most indexes were up somewhat in third quarter of 1979. Largest percentage increase was registered by personal taxes, up 19.2 points (5.4%) to 373.3 (1967 = 100). Only declining index was personal saving, dropping 37.6 points (17.9%) to 172.4.

Personal income index increased 8.5 points (2.8%) in third quarter 1979. Disposable personal income rose 6.9 points (2.3%), consumer installment credit extended rose 9.1 points (2.5%) and installment credit repaid rose 12.4 points (3.7%).

Personal consumption expenditures indexes all rose—durable goods up 5.4 points (1.8%), nondurable goods up 10.7 points (3.9%) and services up 12.2 points (3.7%). Indexes for third quarter 1978 and second and third quarter 1979 (indexes 1967 = 100), are shown in the following table:

	1978	1979	
	Third Quarter	Second Quarter	Third Quarter
Personal Income	278.1	302.0	310.5
Personal Taxes	324.0	354.1	373.3
Disposable Personal Income	271.1	294.2	301.1
Personal Saving	173.3	210.0	172.4
Durable Goods Expenditures	292.4	299.9	305.3
Nondurable Goods Expenditures	252.4	273.4	284.1
Expenditures on Services	302.3	329.6	341.8
Consumer Installment Credit Extended	342.2	363.9	373.0
Consumer Installment Credit Repaid	307.3	333.7	346.1

PRODUCER PRICE INDEXES

Producer Price Index for Finished Goods moved up 1.0% from September to October on seasonally adjusted basis, Department of Labor reported. October advance was somewhat smaller than in either August or September. Producer Price Index for finished consumer goods advanced 1.0%, compared with increase of 1.8% in September. Much of October slowdown was caused by food prices, which edged down following 1.8% advance in preceding month. Index for consumer durables rose 1.1%, more than in any month since January. Index for consumer nondurables other than foods increased 1.8%, less than in any of past 4 months.

INTERNATIONAL TRANSACTIONS

U.S. balance on current account in second quarter 1979 shifted to deficit of $1.0 billion from $0.4 billion first-quarter surplus, according to U.S. Department of Commerce. Shift was more than accounted for by merchandise trade deficit which increased $1.6 billion, to $7.7 billion. Two-thirds of increase in imports reflected higher prices of petroleum imports and increased imports of compact and subcompact passenger cars. Foreign private assets in United States increased $13.9 billion, compared with $10.9 billion increase in first quarter. Liabilities to private foreigners and international financial institutions increased $11.1 billion, compared with $9.7 billion increase in first quarter, reflecting higher interest rates in United States.

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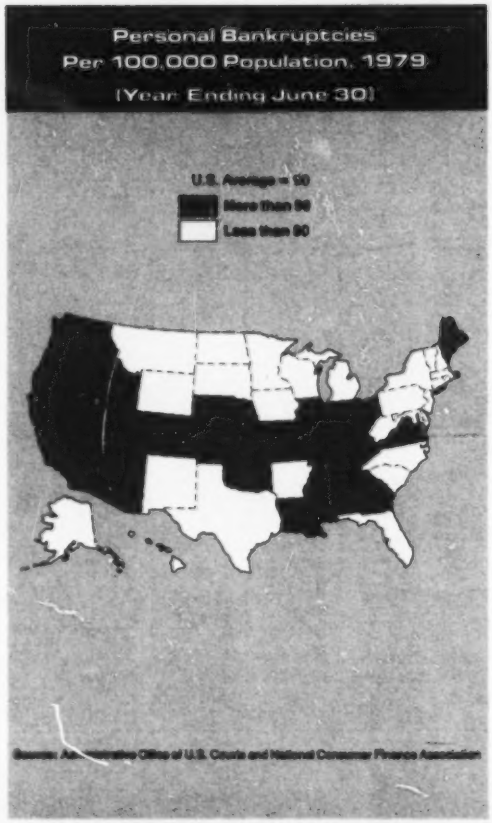
NONBUSINESS BANKRUPTCIES BY STATES

Nonbusiness bankruptcies filed in fiscal year ending June 30, 1979 totaled 196,918. Compared to the 172,282 who filed in 1978, there was an increase of 14.3%.

In total for the 50 states and D.C. there were 24,619 more nonbusiness bankruptcies during fiscal 1979 than in fiscal 1978. Increases aggregating 25,283 occurred in 38 states and D.C. Largest increases (in order of declining magnitude) were California, Illinois, Ohio, Michigan, Indiana, Virginia, and Georgia. Twelve states accounted for an aggregate decline of 664 nonbusiness bankruptcies. By contrast to 14.3% national rise, Arkansas had rise of 48%, Alaska of 42%, Michigan of 39%, Texas of 37%, and Utah of 28%.

Number of nonbusiness bankruptcies per 100,000 population in the U.S. in fiscal 1979 was 90, up from 80 in fiscal 1978, but well below the 106 in 1975. Leading the list in 1979 were: Alabama with 194 per 100,000 population, Tennessee with 182, Nevada with 179, Idaho with 170, Indiana with 156, Kansas with 147, Illinois with 145 and Kentucky with 142. States with the least number of bankruptcies per 100,000 population in 1979 were: South Carolina (14), Texas (28), Pennsylvania and Vermont (each 30), Massachusetts and New Jersey (each 31) and the District of Columbia with 34.



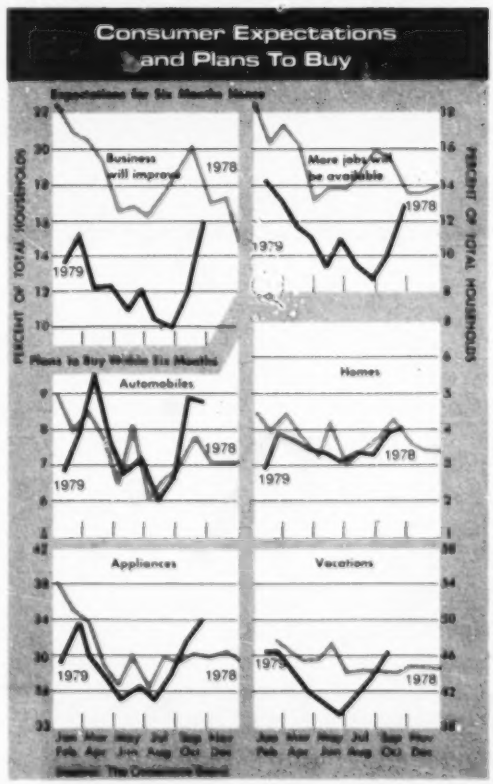
FEDERAL BUDGET FOR 1979

Actual budget totals of U.S. Government for fiscal year ended September 30, 1979 shows deficit of $27.7 billion, smallest since fiscal year 1974. Receipts in 1979 were $465.9 billion. Higher personal incomes and overwithholding on the part of individuals account for most of increase in individual income tax receipts. Budget outlays for 1979 were $493.6 billion.

CONSUMER CONFIDENCE

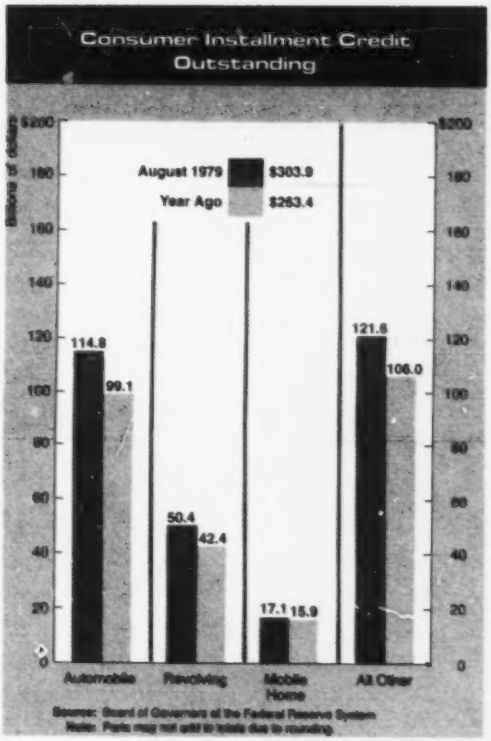
Consumer confidence has advanced for second month in a row, according to The Conference Board. The Board's Consumer Confidence Index (1969-1970 = 100) reached 85.6 in October, up 9 points over September. The Buying Plans Index moved up to 122.9, gain of nearly 3 points over September.

In latest probe, 8.8% of surveyed families intend to purchase a car within next six months, only slightly behind 9.1% reading in September. Some 4.1% of consumers plan to buy a house in next six months, about same ratio as in preceding month. Similarly, plans to buy major appliances sustained sharp gain registered in the preceding month. Vacation plans have also improved over previous reading.



ENERGY

U.S. average price for all types of gasoline was 99.8 cents in September, up 3.1 cents from August. Price of leaded regular gasoline averaged 97.3 cents, unleaded regular gasoline—$1.020 and leaded premium gasoline—$1.036. Average price per gallon of fuel oil (home heating oil) was 84.8 cents in September, 4.8 cents higher than August.



CONSUMER INSTALLMENT CREDIT

Total consumer installment credit at end September 1979 was $303.9 billion. Of this amount, $114.8 billion was outstanding in automobile credit, $50.4 billion in revolving credit, $17.1 billion in mobile home credit, and $121.6 billion in all other credit (consisting of other consumer goods and personal loans).

Net increase in installment credit outstanding by type since end September 1978 amount to $40.5 billion. Of this increase, $15.7 billion was in automobile credit, $8.0 billion in revolving credit, $1.2 billion in mobile home credit and $15.6 billion in all other credit.

Net increase by institution over the year was: commercial banks—$17.3 billion; finance companies—$13.5 billion; credit unions—$4.9 billion; and all other—$4.8 billion.

WAGE CONTRACTS

Average 1979 wage hike has remained close to wage guidelines despite a few hefty union contracts, according to The Conference Board. Hourly pay increases for private rank-and-file workers during first half 1979 averaged slightly above 7% annual rate.

Union workers have fared somewhat better than nonunion counterparts this year. During first half 1979, rank-and-file unionists in private sector averaged 7.5% higher wages (at annual rate) than 1978, compared with about 7% for nonunion employee. Last year, both organized and unorganized workers received pay increases of a little over 8%.

Taking account of price increases, average real hourly compensation including fringe benefits fell by 0.7% (calculated annually) over first six months of 1979. In 1978, it rose by 2%.

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FINANCE FACTS

A Monthly Publication on Consumer Financial Behavior

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JANUARY 1980

PERSONAL FINANCE TRENDS

Personal income at an estimated $1,917 billion in 1979 was approximately 11.6% above 1978. When account is taken of increases in prices, taxes and population, real per capita disposable personal income in 1979 was little more than 1% above 1978 in contrast to over 3% increase for each of the three preceding years. All estimates made early in 1980 are, of course, based on incomplete data for 1979.

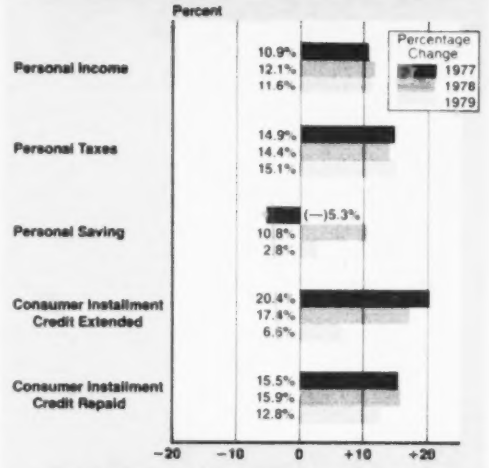
Personal outlays continued to absorb a larger percentage of disposable personal income in 1979 than in 1978 while the personal saving rate declined. Increased social security taxes, as well as other taxes, held down the growth in disposable income.

Likely prospects for 1980 are some reduction in inflation, and a slowing in the rate of growth of personal income, saving and spending. The net change in installment credit as a percent of disposable personal income will probably be less than 1% in 1980 in contrast to 2% in 1979 and 3.1% in 1978.

Comparative percentages in installment credit usage to disposable personal income for each of last three years were as follows:

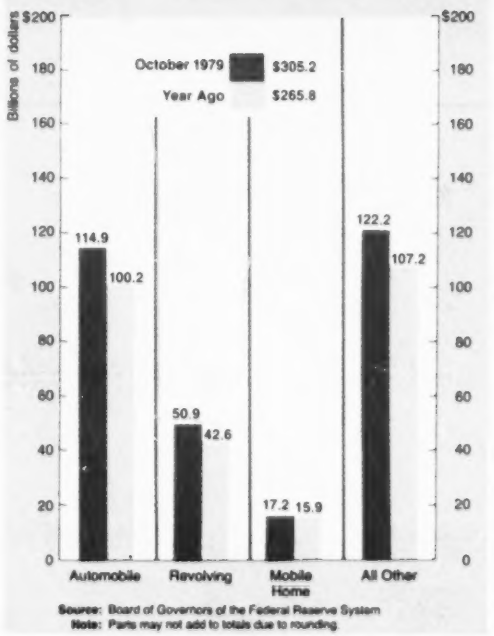
	Preliminary Estimate 1979	1978	1977
Consumer installment credit extended	19.6%	20.5%	19.5%
Consumer installment credit repaid	17.6%	17.4%	16.8%
Net change in consumer installment credit	2.0%	3.1%	2.7%

Percentage Changes in Personal Sector Financing 1977, 1978, Preliminary Estimate 1979



Sources: U.S. Department of Commerce, Federal Reserve and National Consumer Finance Association.

Consumer Installment Credit Outstanding



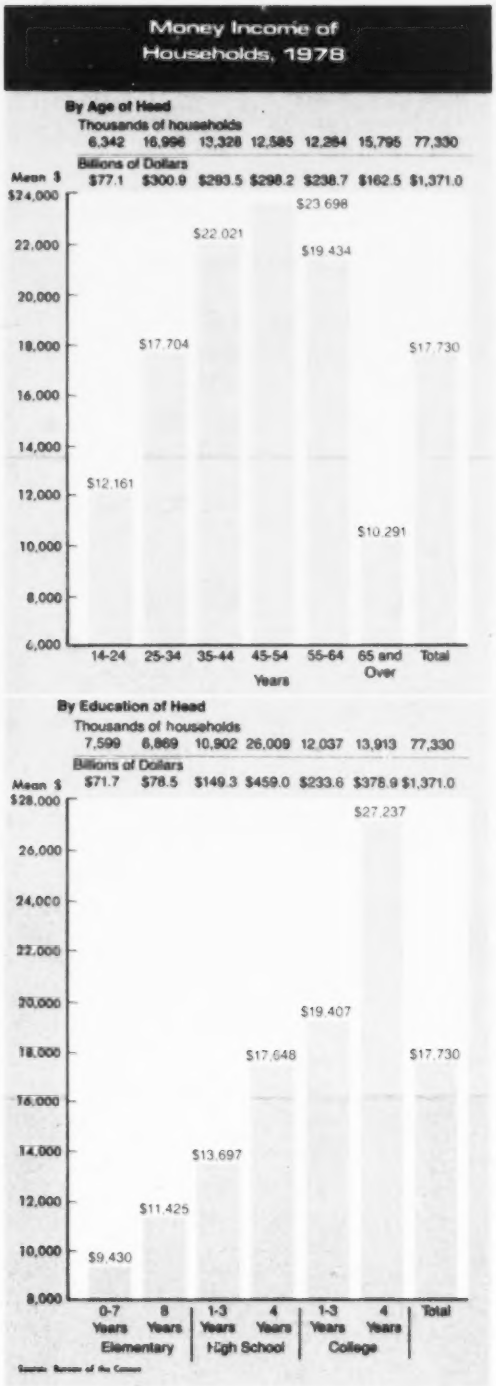
Source: Board of Governors of the Federal Reserve System
Note: Parts may not add to totals due to rounding.

CONSUMER INSTALLMENT CREDIT

Total consumer installment credit at end October 1979 was $305.2 billion. Of this amount, $114.9 billion was outstanding in automobile credit, $50.9 billion in revolving credit, $17.2 billion in mobile home credit, and $122.2 billion in all other credit (consisting of other consumer goods and personal loans).

Net increase in installment credit outstanding by type since end October 1978 amounted to $39.4 billion. Of this increase, $14.7 billion was in automobile credit, $8.3 billion in revolving credit, $1.3 billion in mobile home credit and $15.0 billion in all other credit.

Net increase by institution over the year was: commercial banks—$16.5 billion; finance companies—$13.7 billion; credit unions—$4.1 billion; and all other—$5.1 billion.



HOUSEHOLD INCOME

Income of households averaged $17,730 in 1978 according to Census Bureau survey. Nonfarm households which comprised 96.9% of the total averaged $17,753—farm households $17,016. Households headed by males comprised 74.2% of the total and averaged $20,629—households headed by females $9,412.

Of the $1,371.0 billion money income of all households in 1978, 82.5% of it went to households headed by persons 25 to 64 years of age. These groups comprised 71.4% of all households.

Households income tends to rise until the head of the household reaches late middle age and to decline thereafter. In 1978, mean income (that is the total income for the group divided by the number in the group) rose from $12,161 for households in which the head was under 25 years of age to $23,698 for households headed by a person between 45-54 years of age, then declined to $10,291 for households in which the head was 65 years of age or over.

Education is one of the most important determinants of households income. The largest single group is that in which the household head has completed high school but gone no further in school. In 1978, this group comprised 33.6% of the households and the mean income was 0.5% below that for all households. At the one extreme, where the household head had completed four or more years of college, there were 18.0% of the households and the mean income was 53.6% above that for all households. At the other extreme, where the household head had completed less than eight years of school, there were 9.8% of the households and the mean income was 46.8% below that for all households.

CAPITAL APPROPRIATIONS

Capital appropriations by country's 1,000 largest manufacturers rose moderately in third quarter, due entirely to the oil industry, The Conference Board reports. Appropriations by largest manufacturers reached $22.5 billion (seasonally adjusted) in third quarter, 7% above second quarter. Without 34% boost by petroleum industry, however, overall appropriations would have remained unchanged. Nondurables industries' appropriations showed mixed third-quarter pattern: along with oil industry, food and chemicals posted sharp increases while paper and textiles declined. Almost all durables industries registered declines.

STATE PERSONAL INCOME

Personal income increased in District of Columbia and all states except Michigan and South Dakota in second quarter of 1979, according to U.S. Department of Commerce. Personal income in the United States increased 2.2%. Real personal income in United States was virtually unchanged in second quarter, as consumer prices increased 2.2% (unadjusted). In 22 States and District of Columbia, increase in current-dollar personal income equaled or exceeded national increase in consumer prices. In 28 States, increase in current-dollar personal income was less than national increase in consumer prices.

ANNUAL BUDGETS

An urban family of four living on an intermediate budget in Autumn 1978 could expect their cost to amount to about $18,622, an 8.9% increase over 1977. Average cost of a lower budget amounted to $11,546, a 10.2% increase, while higher budget amounted to $27,420, an 8.8% increase. The U.S. Department of Labor data represents costs of three hypothetical lists of goods and services to portray three relative standards of living—lower, intermediate, and higher.

Family consumption items comprised 73% of the intermediate family budget in Autumn 1978. Total family consumption at the lower and higher levels comprised 81% and 70% respectively.

The Consumer Price Index has increased 12.2% from October 1978 to October 1979. Prices have increased for specific categories as follows: food—9.7%, housing—13.5%, transportation—17.4%, clothing and personal care—4.7%, and medical care 9.4%.

REAL EARNINGS

Real average weekly earnings were down 5.2% from October 1978 to October 1979 (after seasonal adjustment). A 7.5% increase in average hourly earnings was offset by 0.8% decrease in average weekly hours and by 12.4% increase in Consumer Price Index. Average dollar earnings were $224.64 per week in October compared with $210.73 year earlier.

Real spendable earnings were down 5.1% for same period. Although tax liabilities for given earnings level were reduced in January 1979 by The Revenue Act of 1978, increase in average weekly earnings resulted in application of nearly equivalent tax rate.

ENERGY

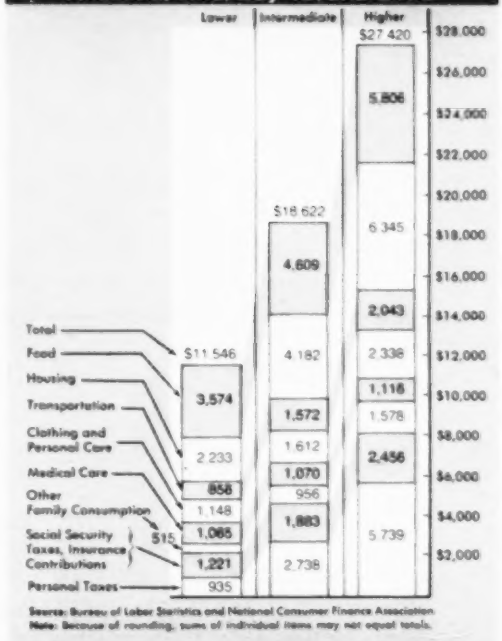
U.S. average price for all types of gasoline was $1.006 in October. Prices of leaded regular gasoline averaged 98.2 cents; unleaded regular, $1.028; and leaded premium, $1.046. U.S. average price per gallon of fuel oil (heating oil) was 85.6 cents, 0.8 cents higher than September, smallest monthly increase in fuel oil prices this year. Price per gallon ranged from low of 79.0 cents in Baltimore to high of 92.4 cents in Buffalo.

INDUSTRIAL PRODUCTION

Industrial production declined by estimated 0.5% in November, after being unchanged in October. November reduction mainly reflected cutbacks in output of autos, trucks, and related durable goods materials and parts. At 151.6% of 1967 average, total industrial production in November was 0.7% higher than year earlier and slightly below level at end 1978.

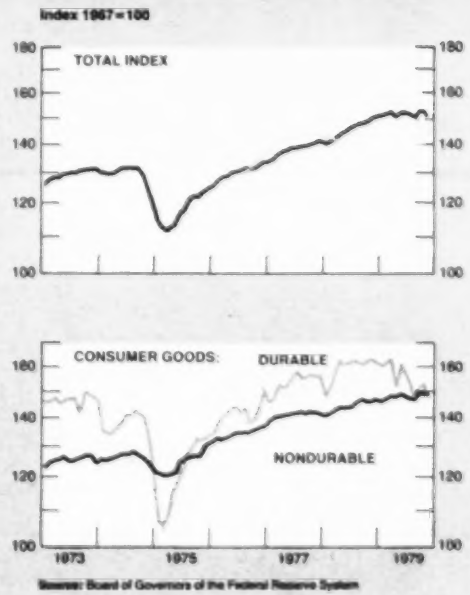
Output of consumer goods declined 0.8% in November. Production of autos and utility vehicles was reduced about 8%, reflecting lower sales and large dealer inventories. Production of home goods declined 0.5% and output of consumer nondurable goods edged down.

Annual Budgets for Three Living Standards, Urban U.S. Autumn 1978 Family of Four— Husband, Wife, Boy 13, and Girl 8

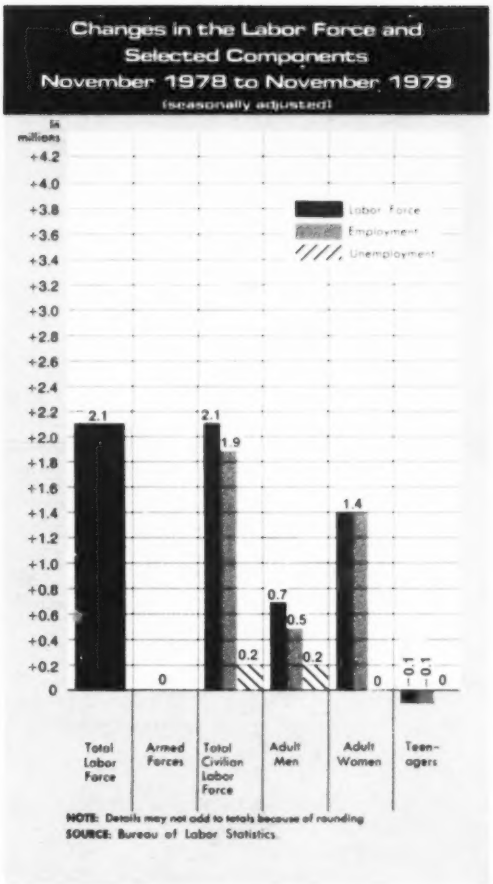


Source: Bureau of Labor Statistics and National Consumer Finance Association.
Note: Because of rounding, sums of individual items may not equal totals.

Index of Industrial Production by months (seasonally adjusted) 1973-1979



Source: Board of Governors of the Federal Reserve System



EMPLOYMENT SITUATION

Employment rose in November and unemployment edged down, Department of Labor reported. Nation's overall unemployment rate was 5.8%, compared with 6.0% in October. Jobless rate has fluctuated between 5.6 and 6.0% for more than a year. Total employment rose 350,000 in November to 97.6 million. Total employment has grown by 1.9 million since November 1978, with more than half of increase occurring between last November and March.

MULTI-EARNER FAMILIES

Three out of every five husband-wife families reported in March 1979 that at least two family members were earners during the previous year, U.S. Department of Labor reported. Since 1970, number of these multi-earner families has increased by more than 3 million, reaching 28.4 million. Rising number of multi-earner families has been one of most important socio-economic developments of 1970's. Almost exclusively responsible for rise have been steep annual increases in number and proportion of working wives. By March 1979, nearly half of all wives 16 years old and over were working or looking for work.

PRODUCTIVITY

Productivity in private business sector increased 0.1% at seasonally adjusted annual rate in third quarter 1979, U.S. Department of Labor reported. Small increase followed a 2.2% decline in second quarter and 3.0% decline in first. Third-quarter increase reflected 2.5% increase in output and 2.4% rise in hours of all persons.

In nonfarm business sector, productivity increased 0.2% in third quarter, following 4.1% decline during second. Output rose 2.8% and hours increased 2.5% (annual rates) in third quarter. In manufacturing, productivity rose 3.2% in third quarter.

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FINANCE FACTS

A Monthly Publication on Consumer Financial Behavior

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FEBRUARY 1980

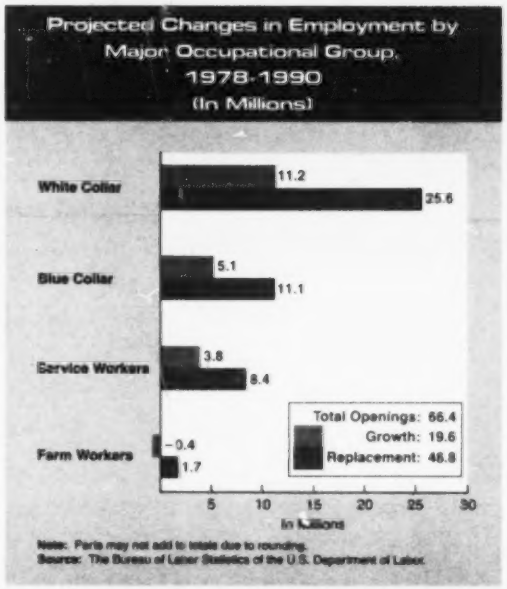
NEW JOBS BY 1990

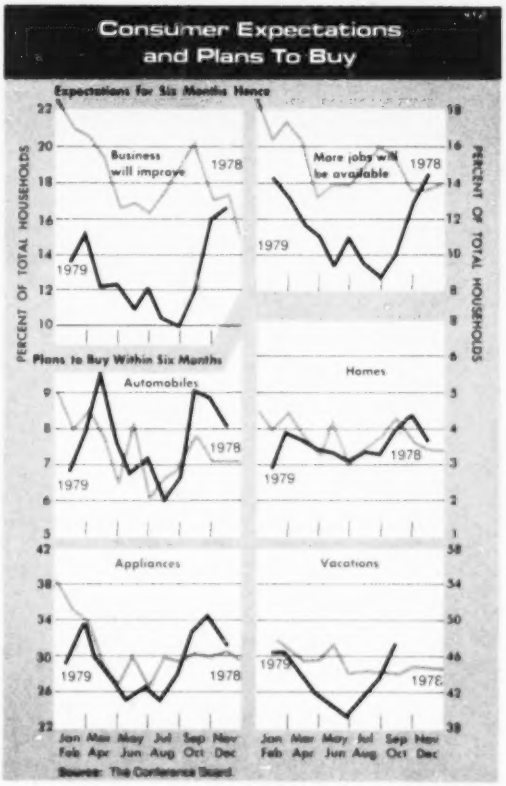
U.S. economy will create nearly 20 million new jobs by 1990 according to Bureau of Labor Statistics projections. Well over half will be in white-collar occupations. Clerical workers constitute largest and fastest growing white-collar group providing 4.8 million new jobs between 1978 and 1990. About 4.7 million jobs for professional, technical and managerial workers are expected to be generated, and sales workers about 1.6 million jobs.

Blue-collar occupations are expected to account for only about one-quarter of Nation's employment growth by 1990. Employment growth of the skilled craft worker group is expected to add 2.5 million jobs, and operative occupations about 2.2 million. Slow growth of some manufacturing industries, along with improved production processes, will hold down employment growth for latter group. Employment of nonfarm laborers is expected to add only about 0.4 million.

Service workers will be fastest growing occupational group, with 30% increase and 3.8 million new jobs, though private household workers will decline because of low wages and strenuous nature of the work. Employment of farm workers will continue to decline as farm productivity rises and number of farms continues to fall.

Employment growth will represent only part of demand for workers by 1990. Need to replace workers who die, retire, or leave labor force for other reasons is expected to produce 47 million job openings between 1978 and 1990, more than twice as many created by employment growth. Even in declining occupations jobs will be available.





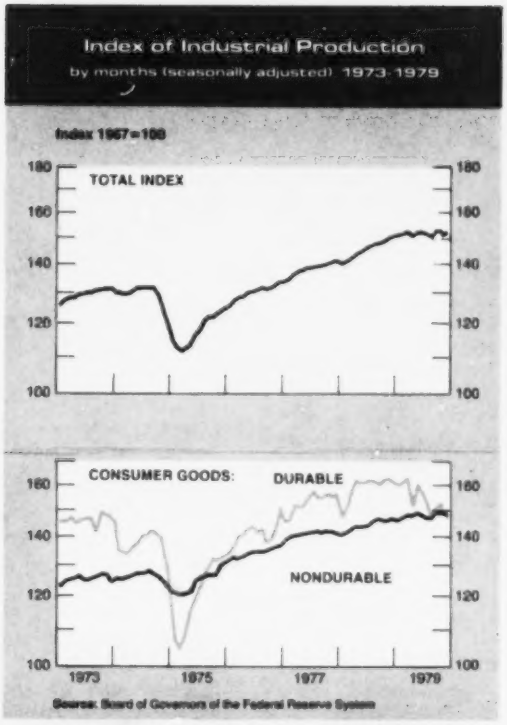
CONSUMER CONFIDENCE

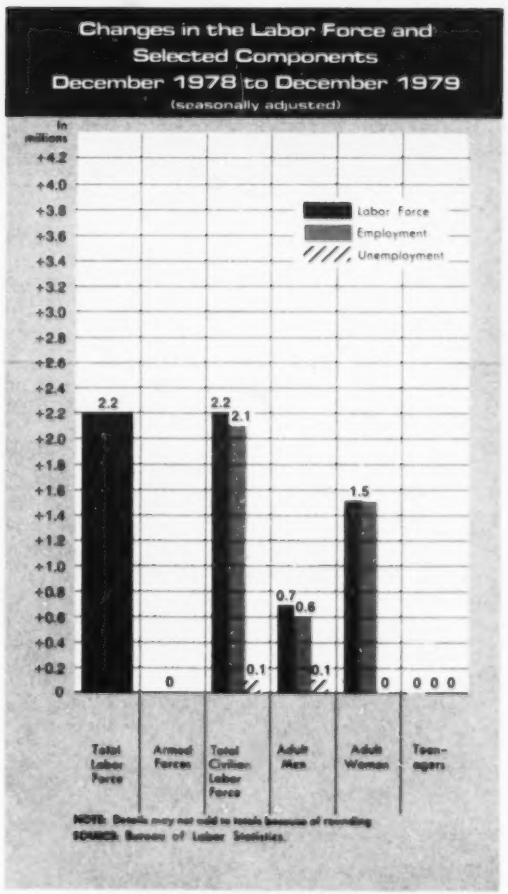
Consumer confidence continued steady in November. Current reading of The Conference Board's Consumer Confidence Index (1969-1970=100) is 85.4, or just about same level recorded in October. Plans to buy, however, have weakened. This statistical series stands at 114, representing decline of over 14 points compared with prior survey. In evaluating present business conditions, about one of every four consumers contacted believe present conditions are "good," less than 15% complain that they are "bad." However, close to one out of every four respondents indicate that jobs are "hard to get."

Plans to buy are down for all items included in survey. Plans to purchase an automobile were reported by 8.1%, compared with prior reading of 8.9%. Intentions to buy home are down to 3.7% from 4.5%. Interest in major appliances has declined to 31% from prior reading of 35%.

FINANCE FACTS

FEBRUARY 1980





INDUSTRIAL PRODUCTION

Industrial production increased in December by estimated 0.3%, following declines of 0.3% in November and 0.1% in October. Production of autos, trucks, and related products continued to drop in December. Output of equipment, consumer nondurable goods, and materials for nondurable goods increased. Total industrial production, at 152.2% of 1967 average, was 0.3% higher in December than year earlier. Industrial production advanced during first quarter 1979 and then fell somewhat, mainly as result of strikes and motor vehicle fuel shortages. After partial recovery, total production fluctuated slightly below March high for balance of the year. Lack of further growth in total output was due in large part to more than 20% decrease in output of motor vehicles and parts.

BUSINESS CONFIDENCE

Business confidence in U.S. economy stabilized in final quarter of 1979 but still remains at lowest level since 1976, The Conference Board reports. Outlook for profits in 1980 is distinctly gloomy. The Measure of Business Confidence held at 32 in final quarter 1979, same level posted in third quarter. This figure averaged 42 during first half of last year. The Confidence Measure, which is expressed on scale of 0-100, is based on survey replies from more than 1,600 chief executives across the country.

Outlook for 1980 profits is weakest in three years. Only 20% of chief executives surveyed look for improved profits this year. A majority (55%) project profits to fall with 25% anticipating they will remain at 1979 levels. Highest expectations for profits were registered by mining, utilities, chemicals and nonelectrical machinery. Weakest profits outlook was reported by primary metals, paper, nonbanking financial institutions and retailing.

EMPLOYMENT SITUATION

Employment rose in December and unemployment was virtually unchanged, U.S. Department of Labor reported. Nation's unemployment rate was 5.9%, November rate was 5.8%, similar to those which have prevailed since August 1978. Total employment rose by 300,000 to 97.9 million. Over past year, total employment has increased by 2.1 million. Nonfarm payroll employment advanced 315,000 over month to 90.4 million. Payroll jobs increased by 2.3 million since December 1978.

December unemployment rates for adult men (4.2%), adult women (5.7%), and teenagers (16.0%) were virtually same as November. Jobless rates for most worker groups were at or near levels which have prevailed over past several months.

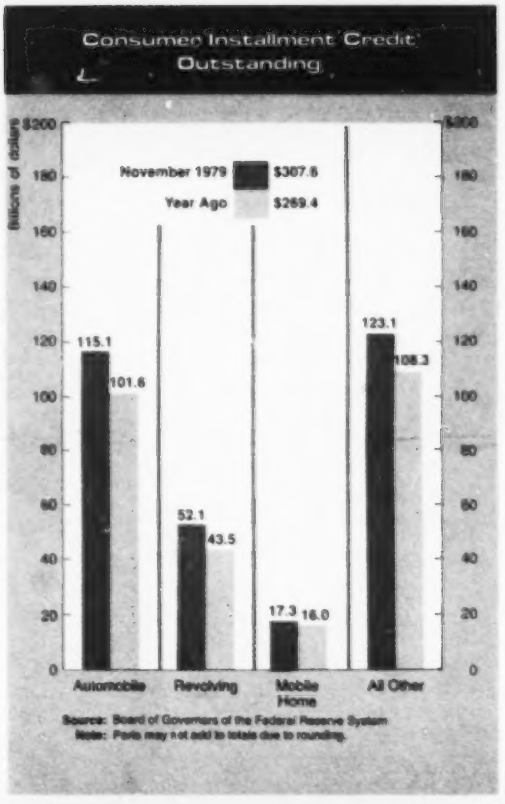
Nation's job situation in 1979 was characterized by slowdown in rate of employment and labor force expansion compared with recent years. Growth in these two labor market measures, while high by historical standards at over 2 million persons each, was well below pace of previous 3 years. Unemployment rate showed little movement between late 1978 and late 1979.

CONSUMER INSTALLMENT CREDIT

Total consumer installment credit at end November 1979 was $307.6 billion. Of this amount, $115.1 billion was outstanding in automobile credit, $52.1 billion in revolving credit, $17.3 billion in mobile home credit, and $123.1 billion in all other credit (consisting of other consumer goods and personal loans).

Net increase in installment credit outstanding by type since end November 1978 amount to $38.2 billion. Of this increase, $13.5 billion was in automobile credit, $8.6 billion in revolving credit, $1.3 billion in mobile home credit and $14.8 billion in all other credit.

Net increase by institution over the year was $15.1 billion for commercial banks, $14.1 billion for finance companies, $3.4 billion for credit unions, and $5.6 billion for all other institutions.



HOME MORTGAGE RATES

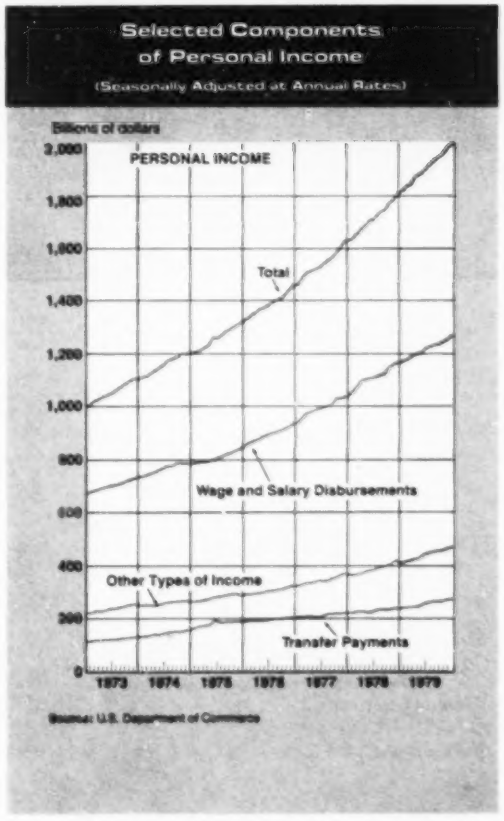
Conventional home mortgage loan rates rose to new levels in early December 1979. Average effective interest rate on conventional loans closed for purchasing newly built, single-family homes was 11.65% in early December. This average was up record 28 basis points from month earlier and 163 basis points above year ago level. The previous largest monthly increase was 23 basis points for early July to early August 1979 period. Average effective rate on loans closed for purchasing previously occupied homes was 11.88% in early December. This was up record 36 basis points from early November and increased gain since December 1978 to 180 basis points. Previous record monthly increase was 25 basis points, from early December 1978 to early January 1979.

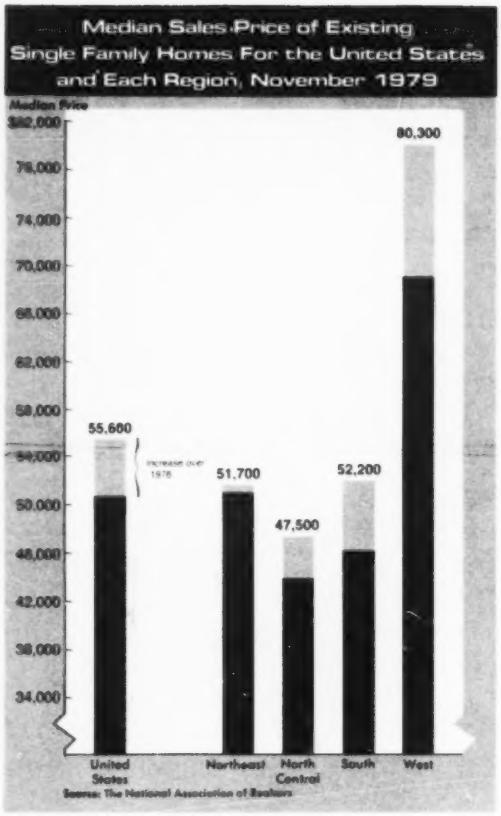
ENERGY

U.S. average price for all types of gasoline was $1.09 in November, 1.3 cents higher than October. November prices of leaded regular gasoline averaged 99.4 cents; unleaded regular $1.041; leaded premium $1.056. U.S. average price per gallon of fuel oil (home heating oil) was 86.7 cents, 1.1 cents higher than October price and 33.4 cents higher than November 1978 price.

PERSONAL INCOME

Personal income increased $22.5 billion in December to seasonally adjusted annual rate of $2,022.5 billion, according to U.S. Department of Commerce. Wages and salaries increased $12.2 billion in December, $0.7 billion less than November increase. Commodity-producing industries' payrolls increased $6.2 billion, compared with $3.0 billion in November. Distributive industries' payrolls increased $1.8 billion, compared with $4.3 billion. Service industries' payrolls increased $3.6 billion. Government wages and salaries increased $0.6 billion, compared with $1.2 billion. Manufacturing payrolls increased $4.2 billion in December, compared with $1.7 billion in November. Higher average hourly earnings accounted for about two-thirds of December increase. Most of payroll gain was in durable goods industries with most industries showing an increase.





EXISTING HOME SALES

Sales of existing single-family homes fell by 10.8% in November to seasonally adjusted annual rate of 3,560,000 units. This is sharpest month-to-month drop in home sales in twelve-year history of this statistical series. At its current level, resale activity is 14.8% below level of year earlier. Sales decline is partially attributable to credit tightening policies of Federal Reserve, with further decline anticipated in months ahead.

Median price of single-family home in November fell by $700 to $55,600. At this time of year home prices typically experience seasonal rise of $200 to $500. Despite monthly price decline resale properties are still priced 9.7% higher than year ago. November price declines were nationwide and affected every region of the country. Median price in the West had largest decline of $1,000 followed by the North Central region where prices fell $700. Home values in Northeast dipped $300 while prices in the South slipped $100.

PRODUCER PRICE INDEXES

Producer Price Index for Finished Goods advanced 0.8% from November to December on seasonally adjusted basis, according to U.S. Department of Labor. December rise was much less than the 1.3% increase in November and smallest since June.

AVERAGE ANNUAL PAY BY STATE

Average annual pay of workers covered by State and Federal unemployment insurance programs is highest in Alaska ($20,487) and District of Columbia ($16,145), according to data published by Bureau of Labor Statistics. These figures were 68.7% and 32.9%, respectively, above national average of $12,144. Mississippi ($9,568) and South Dakota ($9,368) were States with lowest average pay figures.

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FINANCE FACTS

A Monthly Publication on Consumer Financial Behavior

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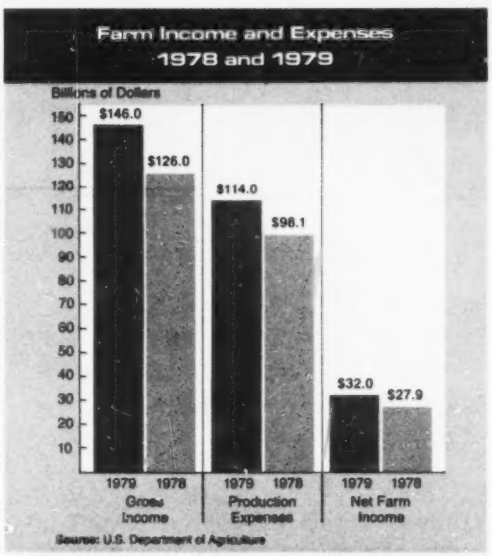
MARCH 1980

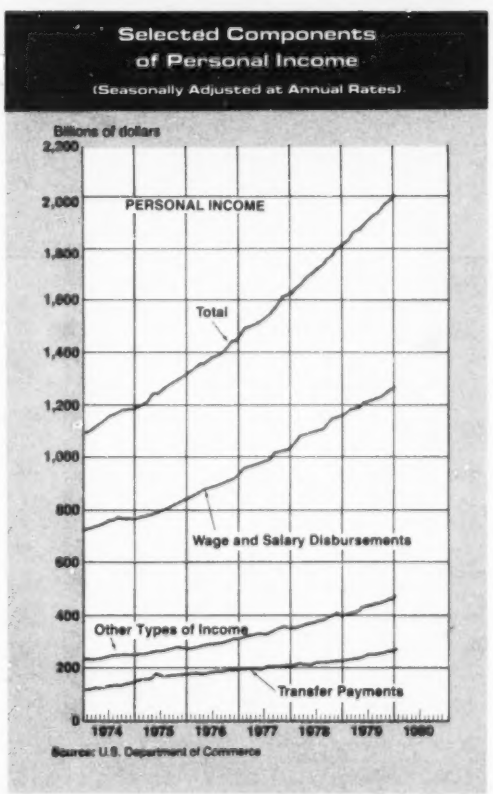
1980 AGRICULTURE OUTLOOK

Rise in food prices is expected to be about 8% in 1980 compared to projected 10% rate of inflation, according to U.S. Department of Agriculture. Most of increase in food prices stems from rising marketing costs. Farm price of food is expected to average about 1% higher in 1980 than 1979, rising marketing costs are expected to account for 75% of food price increases. Greatest price increases are for food at restaurants, probably increasing about 10%, reflecting higher service costs. Food consumed away from home accounts for about 30% of average urban family's food budget.

Net farm incomes are expected to decline in 1980 from 1979 level. Total farm cash receipts are expected to rise 2 or 3%, mostly from crop sales, whose prices are expected to be higher than average. Production expenses in 1980 will likely continue up at same rate as general inflation. Rapid price increases are expected in fuels (33% or more) and fertilizers. Consequently, net income of farm operators may decline from about $32 billion in 1979 to about $25 billion in 1980.

Strong export demand for wheat has led to higher wheat prices, despite large U.S. crop, largely because of 29% reduction in USSR's wheat crop. (All export estimates are pre-embargo projections.) Exports for 1979-80 season are projected at 1.4 billion bushels, up 17%. Prices are expected to average $3.75 per bushel, up from $2.94 last year. Wheat acreage is expected to increase about 10%, production should rise by less than 10% as yield will likely decline from unusually high yields of 1978-79.





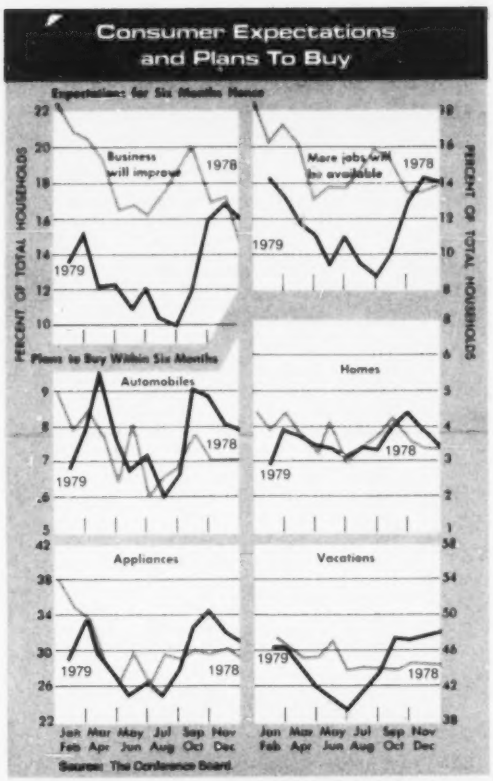
PERSONAL INCOME

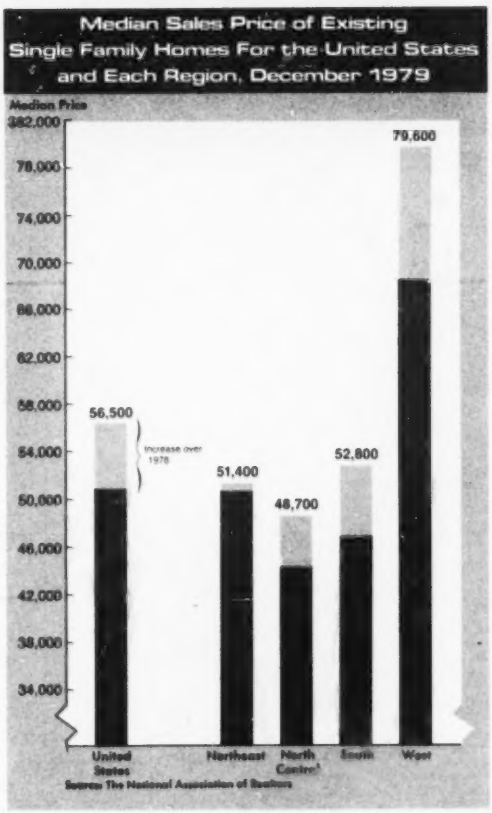
Personal income increased $11.4 billion in January to seasonally adjusted annual rate of $2,035.6 billion, according to U.S. Department of Commerce. Personal outlays increased $19.8 billion to $1,665.5 billion. Increase in personal income in January was affected by three special factors: increase in minimum wage; government payments of special energy allowances; and increase in social security taxable wage base. On net, these factors added $4.1 billion to personal income.

Private wages and salaries increased $4.3 billion in January, compared with $10.7 billion in December. Commodity-producing industries' payrolls increased $2.0 billion, compared with $6.4 billion. Distributive industries' payrolls increased $1.9 billion, compared with $0.5 billion. Service industries' payrolls increased $0.5 billion, compared with $3.8 billion. Government wages and salaries increased $1.8 billion in January, compared with $0.6 billion in December. Proprietors' income declined in January.

FINANCE FACTS

MARCH 1980





CONSUMER CONFIDENCE

Consumer confidence continues to be surprisingly strong in the face of signs of weakness in U.S. economy, The Conference Board reports. The Conference Board's Consumer Confidence Index (1969-1970=100) stood at 83.5 in December, drop of only 1.6 points from November. The Buying Plans Index lost 8 points in December, closing at 108.3. Some 26.4% label present business conditions as good, up 1 point from November. About 22% say that jobs are "plentiful," same figure posted in November. Consumers are displaying some uncertainty about future course of the economy. About 20% look for business conditions to worsen in next six months, up slightly from November. Some 7.1% look for their incomes to decline, up from 6.2% in November. Over 30% expect jobs to grow less plentifully in the next six months, up from less than 28%.

Buying plans were down virtually across the board in December. Some 7.9% of families expect to buy new or used automobile during next six months, down from 8.2% in November. Home-buying plans dipped from 3.8% to 3.4%. Plans to buy major appliances fell slightly, 31.0% in December compared with 31.7% in November. Vacation plans edged up to about 48% from 47%.

CAPITAL SPENDING PLANS

Business plans to spend $195.7 billion for new plant and equipment in 1980, 10.9% more than in 1979, according to annual survey conducted by U.S. Department of Commerce. Spending in 1979 was $176.4 billion, 14.7% more than in 1978, according to estimate released. (Figures are not adjusted for price change.) Respondents estimated price increase for capital goods purchased in 1979 to be 9.5%, and they expect 10% increase in 1980. Estimates of price change for capital goods indicate that real spending increased between 4.5 and 5.5% in 1979; they imply increase in planned real spending for 1980 between 1 and 2%.

Manufacturing industries plan a 14.5% spending increase in 1980—to $89.5 billion—compared with a 16% increase in 1979. Nonmanufacturing industries plan an 8.5% increase in 1980—to $106.2 billion—compared with a 14% increase in 1979.

EXISTING HOME SALES

Sales of existing homes fell by 4% in December to seasonally adjusted annual rate of 3,420,000 units, lowest monthly rate of resale transactions in more than 2.5 years. December decline marked third consecutive month of dwindling sales activity. Overall, for final two months of 1979, rate of resale activity dropped by 570,000 units, or 14%. This is steepest two month decline in 12-year history of this statistical series.

Despite declining sales activity, home prices reversed downward trend and posted $900 gain in December, more than recouping $700 decline experienced in preceding month. Overall, in December, median sales price of an existing home in United States rose to $56,500, 11% higher than same month year earlier.

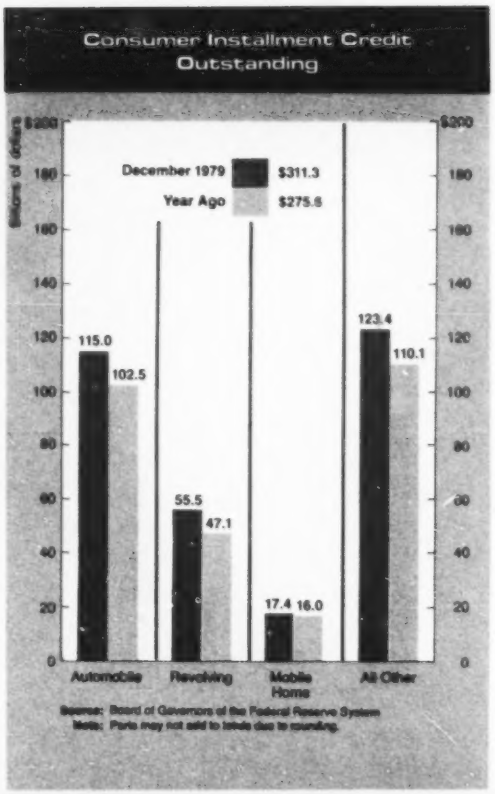
CONSUMER INSTALLMENT CREDIT

Total consumer installment credit at end December 1979 was $311.3 billion. Of this amount, $115.0 billion was outstanding in automobile credit, $55.5 billion in revolving credit, $17.4 billion in mobile home credit, and $123.4 billion in all other credit (consisting of other consumer goods and personal loans).

Net increase in installment credit outstanding by type since year-end 1978 amount to $35.7 billion. Of this increase, $12.6 billion was in automobile credit, $8.5 billion in revolving credit, $1.4 billion in mobile home credit and $13.3 billion in all other credit.

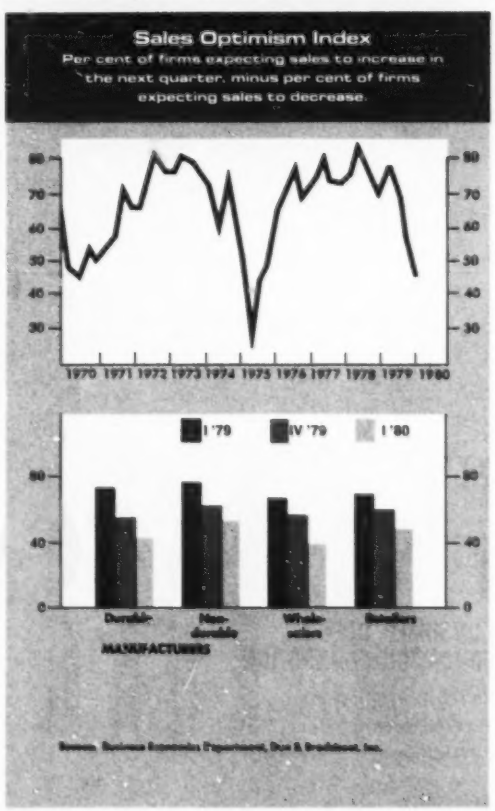
Net increase by institution over the year was $13.6 billion for commercial banks, $14.0 billion for finance companies, $2.3 billion for credit unions, and $5.8 billion for all other institutions.

Year-end 1979 outstandings by institution were: commercial banks-$149.8 billion; finance companies-$68.3 billion; credit unions-$48.2 billion; retailers-$27.9 billion; savings and loan associations-$10.4 billion; all other-$6.7 billion.



U.S. BALANCE OF PAYMENTS

U.S. merchandise trade balance was in deficit by $7.9 billion in fourth quarter 1979, compared with deficit of $7.3 billion in third quarter, according to U.S. Department of Commerce. Increase in deficit was due to larger increase in imports than in exports. Imports increased $4.4 billion, or 8%, to $59.0 billion. Higher prices accounted for increase; volume was unchanged. Exports increased $3.8 billion, or 8%, to $51.1 billion; volume increased 6%. Deficit with members of OPEC increased, as did deficit with Japan and Canada. Surplus with Western Europe increased, and deficit with non-OPEC developing countries declined. In year 1979, U.S. merchandise trade balance was in deficit by $29.1 billion, compared with deficit of $33.7 billion in 1978.

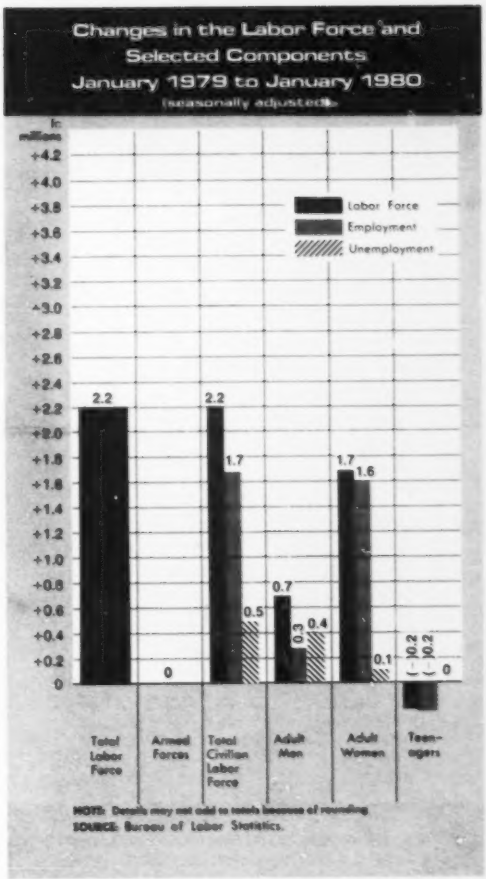

Sales Optimism Index
Per cent of firms expecting sales to increase in the next quarter, minus per cent of firms expecting sales to decrease.
1970 1971 1972 1973 1974 1975 1976 1977 1978 1979 1980
I '79
IV '79
I '80
Durable-
Non-durable
Whole-salers
Retailers
MANUFACTURERS

BUSINESSMEN'S EXPECTATIONS

Although ebbing for third straight quarter, business optimism still remained at considerably better level than in 1975, according to latest Dun & Bradstreet Survey of Business Expectations. The 1,382 executives interviewed about their outlook for first quarter 1980 lowered their sights on sales and profits but did not shift materially their views on employment and prices.

The Sales Optimism Index (percentage expecting increases minus percentage expecting decreases) dropped 12 points to 44, lowest reading since second quarter 1975 when index plummeted to 24. This decline to five-year low prevailed across the board. Degree to which confidence waned between fourth quarter 1979 survey and first quarter 1980 survey varied. Wholesalers' optimism sagged most, 17 points to 39, manufacturers of non-durable goods showed smallest dip, 6 points to 55.

The Profits Optimism Index was down 8 points to 32 but still double its reading of 16 in second quarter 1975. Again, wholesalers showed the gloomiest turn.



EMPLOYMENT SITUATION

Unemployment rose in January. Due to rise in joblessness among adult men, Nation's unemployment rate increased over month from 5.9 to 6.2%, highest rate since July 1978. Total employment showed little overall change in January, although there were diverse movements among adult men and women jobholders. Employment among adult men was down markedly, while number of adult women holding jobs increased. In contrast to total employment, nonfarm payroll employment rose by about 300,000 in January to 90.5 million.

INDUSTRIAL PRODUCTION

Industrial production increased in January by estimated 0.3%. In January, output of business equipment rose strongly for second month, production of materials and consumer goods other than automotive products moved up further. Motor vehicles and parts output again declined sharply. Total index for January, at 152.7% of its 1967 average, was 0.8% above its level year earlier but fractionally below March 1979 high. Output of consumer goods declined slightly in January as auto assemblies were about 11% below rate of 6.8 million units in December. Production of other consumer durable goods rose 0.3% in January, and production of consumer nondurable goods rose 0.4%.

FOREIGN INVESTMENT IN U.S.

Investments by foreign companies in United States manufacturing soared to yet another record in 1979, The Conference Board reported. Foreign firms announced 437 investments in U.S. manufacturing facilities in 1979, compared with 358 in 1978 and 274 in 1977. Dollar figures were reported for nearly half of 1979 investments, $4.9 billion. California and New York received 50 foreign manufacturing investments each to lead all other states. Texas received 31 foreign investments in 1979, followed by North Carolina (25) and Georgia (22).

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FINANCE FACTS

A Monthly Publication on Consumer Financial Behavior

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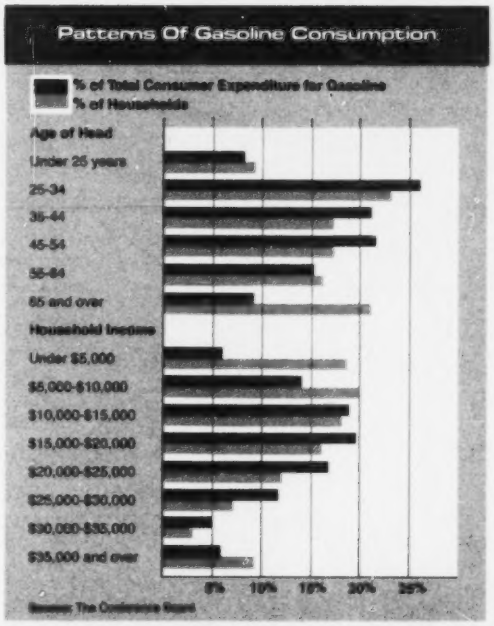
APRIL 1980

GASOLINE CONSUMPTION

Average expenditure for gasoline by household runs almost 30% higher in households headed by those in 35-54 age bracket than the overall average, according to The Conference Board. This age group accounts for less than a third of nation's homes and buys over 40% of all gasoline. Among those under 25 years and those 55 years and over use is below average, about 15% and 30% below, respectively. Primary reasons for above average consumption in 35-54 year bracket are large number of people of driving age and high number of working wives. Well over half of these households include two or more paychecks. They are more likely to live in suburbs (where 45% of gas is consumed compared with 23% in central cities), and comprise a relatively affluent segment of population. Car ownership runs higher in 35-54 year age class than in any other, largely due to size and makeup of these households.

Gas consumption rises with family income. It is slightly above average in $10,000-$15,000 family, 30% above average in $15,000-$20,000 family and over 80% above average in $30,000 and over bracket. Those households with earnings of $15,000 or less represent 57% of all households and burn 39% of all gasoline.

Households headed by a college graduate spend close to 20% above average on gasoline, craftworkers run more than 40% above average, managers and administrators 36% above. These categories include strong proportion of homes with multipaychecks and substantial earnings.



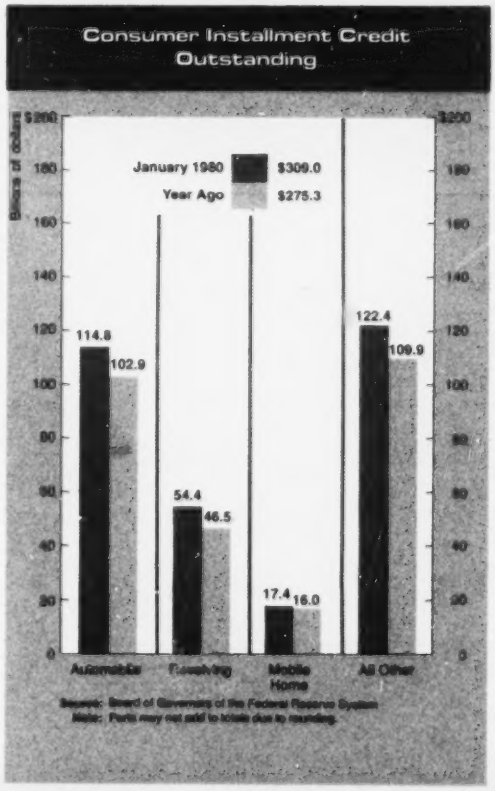
CONSUMER INSTALLMENT CREDIT

Total consumer installment credit at end of January 1980 was $309.0 billion. Of this amount, $114.8 billion was outstanding in automobile credit, $54.4 billion in revolving credit, $17.4 billion in mobile home credit, and $122.4 billion in all other credit (consisting of other consumer goods and personal loans).

During January 1980, total installment credit outstanding declined by $2.1 billion—automobile credit by $0.3 billion, revolving credit by $0.9 billion, and all other by $0.9 billion.

Net increase in installment credit outstanding by type since end January 1979 amounted to $33.6 billion. Of this increase, $11.9 billion was in automobile credit, $7.9 billion in revolving credit, $1.4 billion in mobile home credit and $12.5 billion in all other credit.

Net increase by institution over the year was $12.4 billion for commercial banks, $13.7 billion for finance companies, $1.7 billion for credit unions, and $5.8 billion for all other institutions.



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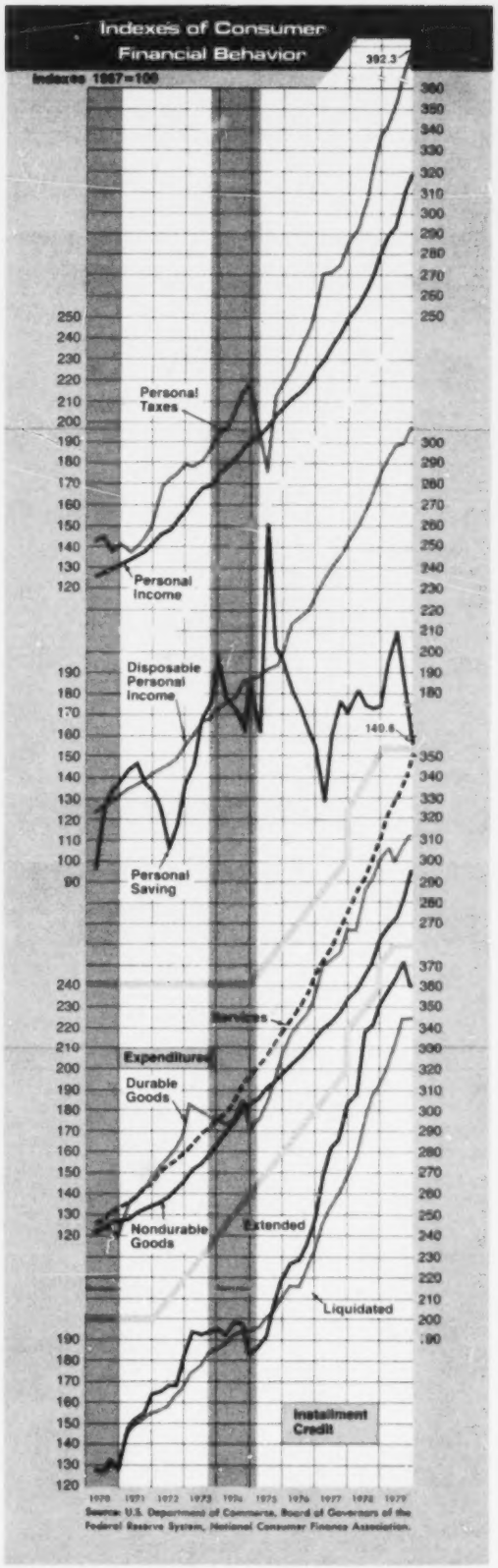


CONSUMER FINANCIAL BEHAVIOR

Most indexes were up somewhat in fourth quarter of 1979. Largest percentage increase was registered by personal taxes, up 18.9 points (5.1%) to 392.3 (1967=100). Largest declining index was personal saving, dropping 31.3 points (18.2%) to 140.6, followed by consumer installment credit extended, down 14.0 points (3.8%) to 359.0.

Personal income index increased 9.0 points (2.9%) in fourth quarter 1979. Disposable personal income rose 7.5 points (2.5%), installment credit repaid rose only 0.5 points (0.1%).

Personal consumption expenditures indexes all rose — durable goods up 4.5 points (1.5%), nondurable goods up 12.2 points (4.3%) and services up 11.3 points (3.3%). Indexes for fourth quarter 1978 and third and fourth quarter 1979 (indexes 1967=100), are shown in the following table:

	1978	1979	
	Fourth Quarter	Third Quarter	Fourth Quarter
Personal Income	287.8	310.7	319.7
Personal Taxes	338.9	373.4	392.3
Disposable Personal Income	280.0	301.2	308.7
Personal Saving	174.8	171.9	140.6
Durable Goods Expenditures	304.7	306.6	311.1
Nondurable Goods Expenditures	262.5	284.4	296.6
Expenditures on Services	310.0	341.5	352.8
Consumer Installment Credit Extended	351.3	373.0	359.0
Consumer Installment Credit Repaid	312.8	346.1	346.6

EXISTING HOME SALES

Resale market continued to decline in face of record high interest rates. In January, sales of existing homes were at seasonally adjusted annual rate of 3,210,000 units, a decline of 4% from preceding month and drop of 17% since October 1979. Market values of single-family homes are holding up. In January median price of existing homes was $57,900, up $1,400 from the preceding month and 11.3% higher than same month year ago. January price increase fully offset modest price declines that were recorded in closing months of 1979. Large majority of people who put their homes on the market do so without pressures for a quick sale.

ENERGY PRICES

U.S. average price for all types of gasoline was $1.110 in January, 6.8 cents higher than in December. January prices of leaded regular gasoline averaged $1.086; unleaded regular, $1.131; leaded premium, $1.149. In 28 cities for which gasoline prices are published, prices of all types of gasoline averaged highest in Honolulu, Chicago, and Anchorage and lowest in Dallas and Houston.

U.S. average price per gallon of fuel oil was 92.9 cents, 4.6 cents higher than the December price. In 15 cities for which fuel oil prices are published, average price per gallon ranged from low of 85.7 cents in Baltimore to high of 98.5 cents in Seattle.

COST OF FOOD AT HOME

Cost of similar market baskets of foods rose about 10% between September 1978 and September 1979. Examples of low-cost plan in September 1979 were $62.30 for food for one week for family of four with school children and $37.10 for family of two between 20 and 54 years of age, compared to $56.90 and $33.90, respectively, for September 1978.

Liberal plan for food at home for one week was estimated to cost family of four with children in school $93.90 and for family of two between 20 and 54 years of age $55.90.

CONSUMER CONFIDENCE

Both consumer confidence and buying plans declined in January, The Conference Board reported. The Consumer Confidence Index (1969-1970=100) registered 79.1, down 1.7 points from December. The Buying Plans Index fell to 99.2, down about 8 points from December. A substantial part of the dip in confidence was due to consumer worries about employment trends. Only 12% of families expect jobs to become more plentiful during next six months, down from 13% in December. Nearly 26% complain that jobs are "hard to get," up from less than 25% in December.

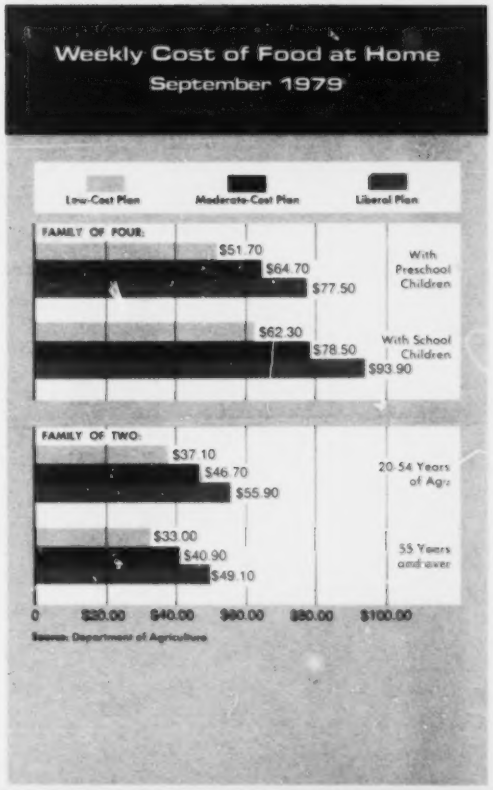
Continued hard times for the housing industry are suggested. Consumer plans to buy houses sagged to 2.5%, down from 3.4% in December and 3.9% last February. Plans to purchase an automobile—new or used—remained unchanged at 7.7%. Intentions to purchase a major appliance have also been losing ground, 28.5% indicated that they would buy a new appliance, loss of some two points since December.

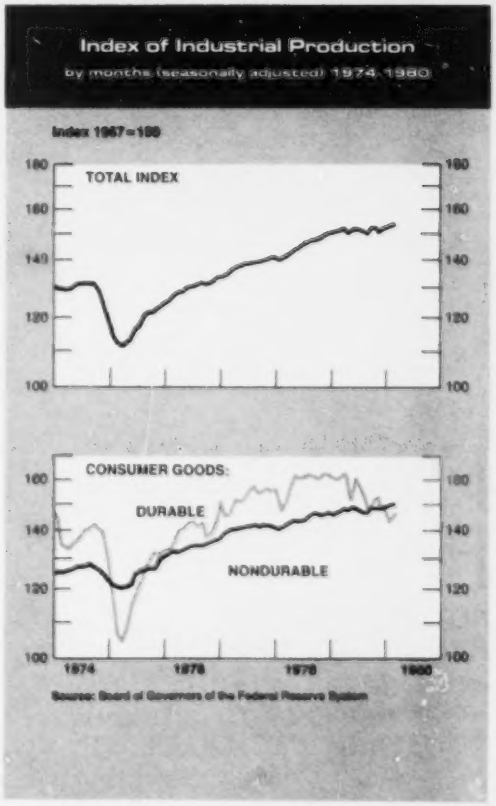
INDUSTRIAL PRODUCTION

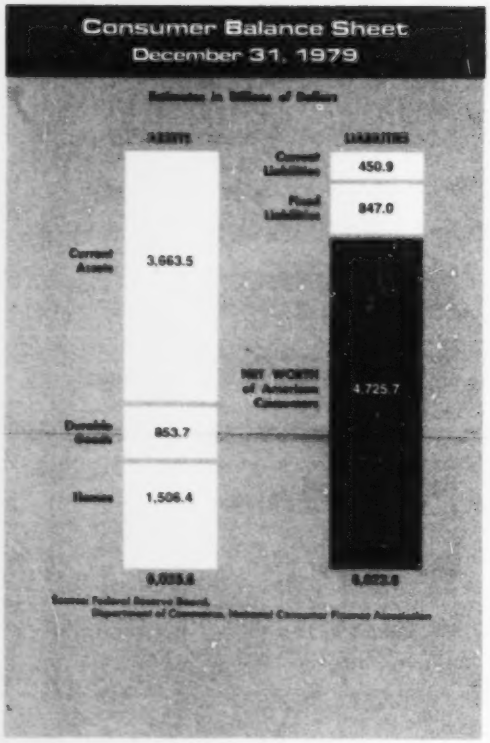
Industrial production edged up 0.2% in February, mainly reflecting increased output of automobiles, trucks, and related parts from very low January levels. Aside from large increase in motor vehicles, production in most industries showed little change or declined somewhat. At 153.0% of 1967 level, index for February is 0.7% above year earlier and equal to recent high in March 1979. Output of consumer goods increased 0.9% in February, due mainly to rise in autos and utility vehicles. Autos were assembled at an annual rate about 19% higher than January rate, but still about 19% below February 1979. Home goods production such as appliances and furniture declined 0.6%, while production of nondurable consumer goods increased slightly further in February. Business equipment output rose 0.3% following increases of 0.6% in January and 1.0% in December. Output of construction supplies decreased 0.8%.

CAPITAL APPROPRIATIONS

Capital appropriations by 1,000 largest manufacturing firms rose 8.5% in last quarter 1979 over third quarter, The Conference Board reports. Majority (9 out of 17) of the industries posted increases in their appropriations, despite high interest rates and widespread talk of recession. For 1979 as a whole, nation's largest manufacturers registered $89.6 billion in appropriations, up some 33% over 1978. Appropriations are expected to decline in 1980, although spending is projected to rise by 13% to 14%.







CONSUMER BALANCE SHEET

Total assets of consumers are estimated at $6,023.6 billion as of December 31, 1979. At the same time, consumers had liabilities of $1,297.9 billion leaving them a net worth of $4,725.7 billion.

Current (financial) assets were estimated at $3,663.5 billion. Fixed assets included $1,506.4 billion in homeownership and $853.7 billion as the value of durable goods for a total of $2,360.1 billion. Current liabilities stood at $450.9 billion and fixed liabilities of mortgage debt at $847.0 billion to bring total liabilities to $1,297.9 billion.

Asset and debt position of the American consumer at year-end 1979 showed 10.0 to 1 asset-to-debt ratio of all assets and debts excluding those involving homeownership where the ratio was 1.8 to 1. The ratio of all assets to all debts was 4.6 to 1. Owners' equity stood at 78.5% of consumer assets at year-end 1979.

REGIONAL INCOMES

States vary in size and population, diversity in their economic structures and their income levels. The states' per capita incomes have been converging over time. In 1940, the average per capita income in the poorest fifth of the states was only 36% of the average in the top fifth; by 1978, the gap had closed to the point where the bottom fifth's average income was 72% of that in the top fifth.

While the states' incomes are converging, there has been little change in the top 10. Eight of the top 10 in 1978 had been in the group in 1960. Wyoming and Michigan moved into the group, and New York and Massachusetts moved out. There has been more turnover in the bottom 10: Between 1960 and 1978, Georgia, Kentucky, Louisiana and West Virginia moved out; and Maine, New Mexico, Utah and Vermont dropped down into this group.

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NATIONAL CONSUMER FINANCE ASSOCIATION

FINANCE FACTS

A Monthly Publication on Consumer Financial Behavior

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MAY 1980

ECONOMIC PROFILE

Economy has been slowing for over a year. Twelve Leading Economic Indicators peaked in October 1978 at 143.6 (1967=100) and fluctuated downward to 134.9 in February 1980. Index of Industrial Production peaked in March 1979 at 153.0 (1967=100) and moved downward in similar manner to low of 151.2 in March 1980. Wages and salaries also reached high in March 1979 at $251.6 billion (1972 dollars, seasonally adjusted at annual rate) and except for December 1979 continued steadily downward to $238.4 billion in February 1980. Unadjusted net change in consumer installment credit for January and February 1979 was $390 million, the first two months of 1980 show net change of (−)$2,930 million. Change in total employed has shown no discernable trend.

CORPORATE FINANCING

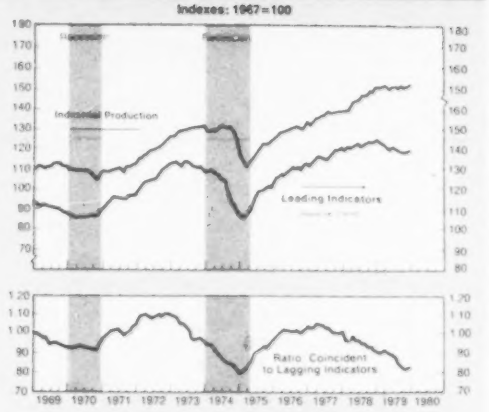
Despite continued high interest rates, major corporations will rely heavily on new bond issues to meet their financing needs during next 12 months, according to The Conference Board. Twice-a-year survey covers views of 34 senior financial executives of leading U.S. nonfinancial corporations. Rising percentage of these executives plan to increase their use of external funds during next year. About half of those surveyed will step up their use of bond issues and private placements, with most expecting increases of 10% or more in use of these long-term funds. Surveyed companies made two unexpected shifts in their financing strategies during last 12 months. They used external funds more heavily than they anticipated and relied on commercial bank loans for 41% of their external funds, compared with about 20% during last four years.

CONSUMER CONFIDENCE

Confidence of American consumers in U.S. economy fell for fourth consecutive month in February, according to The Conference Board. The Consumer Confidence Index (1969-1970=100) is now at 76.6, down 2.4 points from January. Over 34% of the families expect their incomes to rise during next six months, down from about 37% in January. About 12% expect jobs to become more plentiful during next six months, roughly same figure recorded in January.

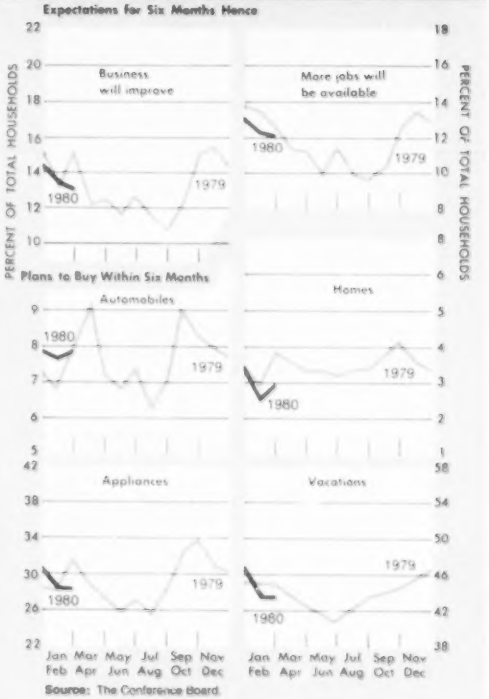
Buying plans, which have been falling since last October, edged up in February. The Buying Plans Index now stands at 103.5, a gain of 4.3 points over January. Some 7.9% of families plan to buy a new or used car in next six months, up slightly from 7.7% in January. This figure has held at about the same level for past four months. Plans to buy houses, which dropped sharply in January, edged up in February, 3% compared with 2.5%. Plans to purchase major appliances were unchanged at 28.4%. Vacation plans have moved down to 43% from about 47%.

Economic Indicators


Indexes: 1967=100
Industrial Production
Leading Indicators
Ratio: Coincident to Lagging Indicators
1969 1970 1971 1972 1973 1974 1975 1976 1977 1978 1979 1980

Source: The Conference Board

Consumer Expectations and Plans To Buy

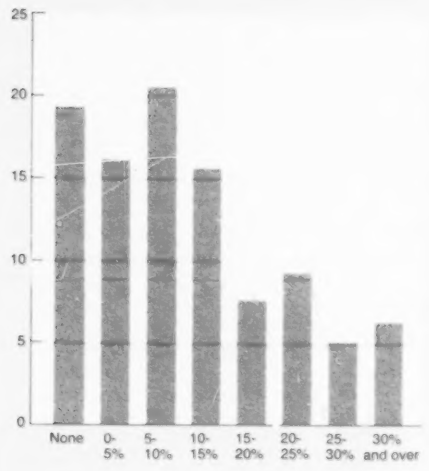


Source: The Conference Board.

FINANCE FACTS

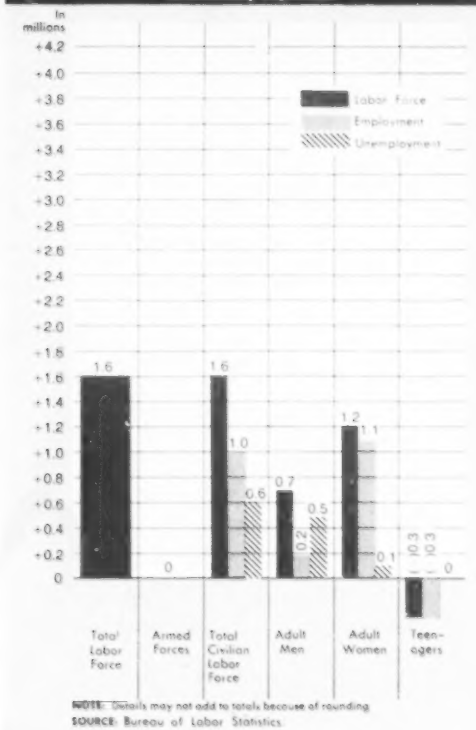
MAY 1980

Ability to Cut Back Family Driving
Percent Distribution of Household Response



Source: The Conference Board

Changes in the Labor Force and Selected Components, March 1979 to March 1980
(seasonally adjusted)



NOTE: Details may not add to totals because of rounding.
SOURCE: Bureau of Labor Statistics.

REDUCING DRIVING

The average American family could reduce its driving by about 11% fairly easily, according to a survey by The Conference Board of 5,000 households. That 11% reduction would save annually over 200 million barrels of oil—roughly a months worth of imported oil. About 35% of respondents could cut back 5% or less, about 20% could reduce driving between 5% and 10%, close to 45% indicated a more than 10% reduction. Almost half of the last group suggested a reduction in driving of 20% or more was feasible.

Households ability to reduce driving differed by age and income. The young households (under 25 years) indicated a saving of about 13%, the 25-44 year age bracket about average (11%) and the 45 and over around 10%. Difference in income brackets were rather small. Among the under $15,000 a year family more than 20% indicated no reduction in use was possible, of $15,000 and over bracket 15% felt that way. However, at all income levels, one-fifth indicated a possible reduction in driving of 20% or more.

In regulating gas consumption, higher prices were rejected by 90% of the households. 52% indicated an acceptance of gas rationing, with strong support by older households (65% of those over age 55). All groups opposed weekend closing of gas stations; odd/even purchase days were acceptable to some 77%. The latter method was slightly more acceptable to those households under 35 years, average in 35-54 age bracket and lower among those 55 and over.

REAL EARNINGS

Real gross average weekly earnings decreased 1.4% from January to February after allowance for usual seasonal variation. A 0.5% increase in average hourly earnings was offset by a 0.6% decrease in average weekly hours and a 1.4% increase in the consumer price index. Over the year, real average weekly earnings were down 6.5%. Real spendable earnings decreased 1.4% from January, seasonally adjusted. Over the year, real spendable earnings were down 7.3%.

EMPLOYMENT SITUATION

Employment declined in March and unemployment returned to its January level, Bureau of Labor Statistics reported. March unemployment rate was 6.2%, compared with 6.0% in February and 6.2% in January. During previous year and a half, unemployment rate had remained in narrow range of 5.7% to 5.9%. Total employment declined by 300,000 to 97.7 million. Total employment has not advanced appreciably since September 1979. Nonfarm payroll employment dropped by 140,000 to 90.6 million. Most of this reduction was in construction.

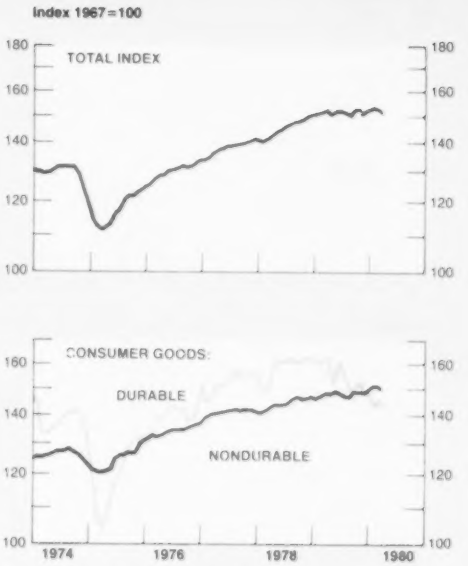
Whereas overall change was small, there was sizeable increase in jobless rate for adult men, to 4.9% in March, highest since October 1977. Jobless rates for adult women (5.7%) and teenagers (15.9%), showed little or no change over month. Employment growth has been slowing for several months, and March level was up about only 1 million from year earlier. Due in part to employment drop of 230,000 in March, adult men have experienced almost no employment growth over past year.

INDUSTRIAL PRODUCTION

Industrial production declined by estimated 0.8% in March, with reductions in output widespread. Production in February is now estimated to have declined 0.2%, instead of rising slightly as indicated a month ago. In March, at 151.2% of 1967 average, index is 1.2% below the high a year earlier.

Output of consumer goods dropped 0.8% in March, with significant reductions in both durable goods and nondurable goods. Production of nondurable goods declined 0.6%, reflecting cutbacks in gasoline, food, and clothing. Output of consumer durable goods was reduced 1.4%, with declines in home goods and automotive products. Production of home goods dropped 1.7% in March, after almost as large a drop in February. Autos were assembled in March at an annual rate of 7.1 million units—down slightly from the February rate and about 25% below year ago.

Index of Industrial Production
by months (seasonally adjusted) 1974-1980



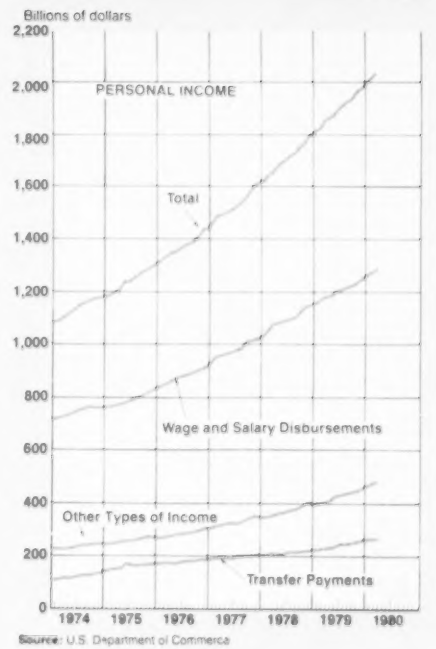
Source: Board of Governors of the Federal Reserve System

ENERGY PRICES

U.S. average price for all types of gasoline rose to $1.186 in February, 7.6 cents higher than January and 47.9 cents higher than February 1979. February prices of leaded regular gasoline averaged $1.159; unleaded regular, $1.207; and leaded premium, $1.233. In the 28 cities for which gasoline prices are published, prices of all types of gasoline averaged highest in Honolulu, Chicago, and San Francisco and lowest in Dallas, Houston, and Milwaukee.

U.S. average price per gallon of fuel oil was 97.7 cents in February, 4.8 cents higher than in January and 40.0 cents higher than February 1979. In the 15 cities for which fuel oil prices are published, average price per gallon ranged from low of 91.1 cents in Baltimore to high of $1.031 in Seattle.

Selected Components of Personal Income
(Seasonally Adjusted at Annual Rates)

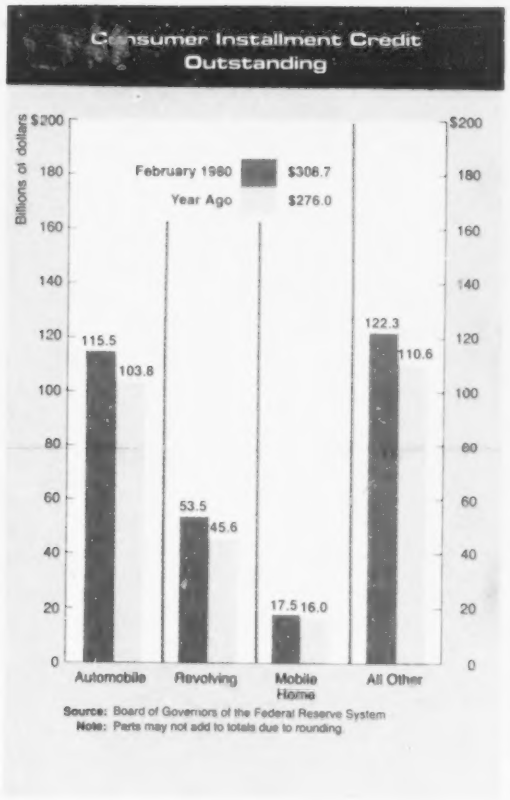


Source: U.S. Department of Commerce

PERSONAL INCOME

Personal income increased $15.6 billion in March to seasonally adjusted annual rate of $2,069.4 billion, according to Bureau of Economic Analysis. Personal outlays increased $10.8 billion to $1,687.3 billion. In February, personal income increased $7.4 billion and personal outlays increased $7.5 billion. Wages and salaries increased $8.8 billion in March, compared with $8.4 billion in February. Farm proprietors' income declined $2.6 billion in March, compared with $3.0 billion in February. Nonfarm proprietors' income was unchanged, following a decline of $1.6 billion.

Personal tax and nontax payments increased $2.9 billion in March, compared with an increase of $0.8 billion in February. Disposable personal income increased $12.6 billion, compared with $6.5 billion. Personal outlays increased $10.8 billion in March, compared with $7.5 billion in February. Personal consumption expenditures increased $10.4 billion in March, purchases of durable goods decreased $4.6 billion. Most of decreases were due to motor vehicles and parts. Purchases of nondurable goods increased $5.8 billion, purchases of services increased $9.3 billion. Personal saving was $59.8 billion in March, compared with $58.0 billion in February.



CONSUMER INSTALLMENT CREDIT

Total consumer installment credit at end of February 1980 was $308.7 billion. Of this amount, $115.5 billion was outstanding in automobile credit, $53.5 billion in revolving credit, $17.5 billion in mobile home credit and $122.3 billion in all other credit (consisting of other consumer goods and personal loans).

During February 1980, total installment credit outstanding declined by $0.3 billion—automobile credit increased by $0.7 billion, revolving credit down $0.9 billion, and all other down $0.1 billion.

Net increase in installment credit outstanding by type since end February 1979 amounted to $32 7 billion. Of this increase, $11.7 billion was in automobile credit, $7.9 billion in revolving credit, $1.5 billion in mobile home credit and $11.6 billion in all other credit.

Net increase by institution over year was $11.6 billion for commercial banks, $14.1 billion for finance companies, $1.1 billion for credit unions, and $5.9 billion for all other institutions.

BUSINESS CONFIDENCE

The Conference Board's Measure of Business Confidence, based on the views of more than 1,600 chief executives, rose in first quarter 1980. First-quarter figure moved to 40 (on scale of 0-100), up from 32 in previous two quarters. This barometer of top-level business sentiment is now back where it was during first half of 1979. Almost 25% of the respondents expect better conditions in their own industries in next six months. Last year, this figure ran at about 15%. Biggest improvements were registered in fabricated metals, non-electrical machinery, paper, textiles and transportation. Executives in insurance, nonbank finance and utilities reduced expectations for their own industries.

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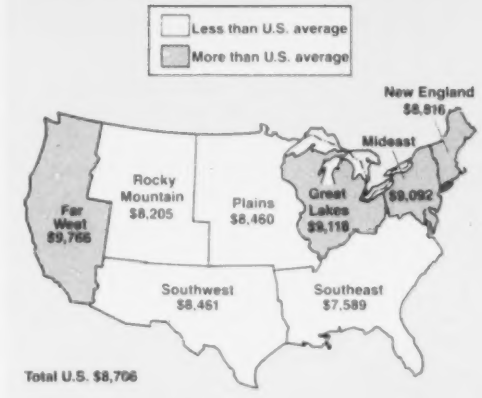
1979 STATE PER CAPITA PERSONAL INCOME

States per capita personal income in 1979 ranged from $11,252 in Alaska and $10,204 in Nevada to $6,167 in Mississippi, according to estimates of the U S. Department of Commerce. The U.S. average was $8,706. In the District of Columbia, per capita personal income was $10,911 more than in any state except Alaska.

Most of the nine states (and District of Columbia) with high per capita personal incomes—at least $700, or 8%, above U.S. average—were in urbanized northeastern and western parts of the Nation. Most of the 18 states with low per capita personal incomes—at least $700, or 8%, below U.S. average—were in the Southeast and Rocky Mountain regions. Per capita personal income in 1979 increased 11.0% nationally. Per capita real income—per capita income adjusted for price changes—increased about 2% nationally. Changes in State per capita personal income from 1978 to 1979 ranged from increases of 15.4% in Kansas and Oklahoma to 3.7% in Alaska. Regionally, the Far West at $9,766 was ranked highest, 12% above U.S. average, and Southeast at $7,589 lowest, 15% below.

Per Capita Personal Income By Region, 1979



Source: Department of Commerce

ENERGY PRICES

U.S. average price for all types of gasoline rose to $1.230 in March, 4.4 cents higher than in February. March prices of leaded regular gasoline averaged $1.202, unleaded regular, $1.252; and leaded premium, $1.277. In 28 cities for which gasoline prices are published, prices of all types of gasoline averaged highest in Honolulu, Chicago, and San Francisco and lowest in Cincinnati and Dallas.

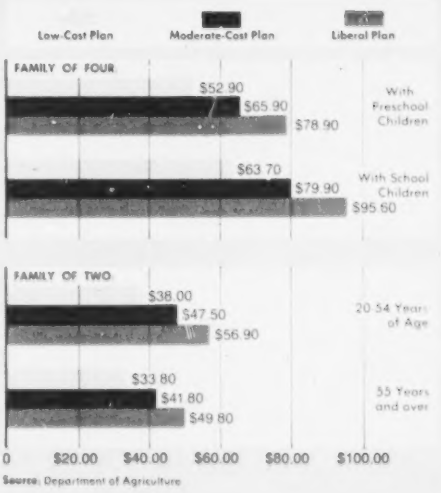
U.S. average price per gallon of fuel oil was $1.006, a monthly increase of 2.9 cents. In 15 cities for which fuel oil prices are published, price per gallon averaged highest in Seattle and Washington, D.C., and lowest in Baltimore and Northeast Pennsylvania (Scranton).

COST OF FOOD AT HOME

Cost of similar market baskets of foods rose about 10% between December 1978 and December 1979. Examples of low-cost plan in December 1979 were $63.70 for food for one week for family of four with school children and $38.00 for family of two between 20 and 54 years of age, compared to $57.90 and $34.40, respectively, for December 1978.

Liberal plan for food at home for one week was estimated to cost family of four with children in school $95.60 and for family of two between 20 and 54 years of age $56.90.

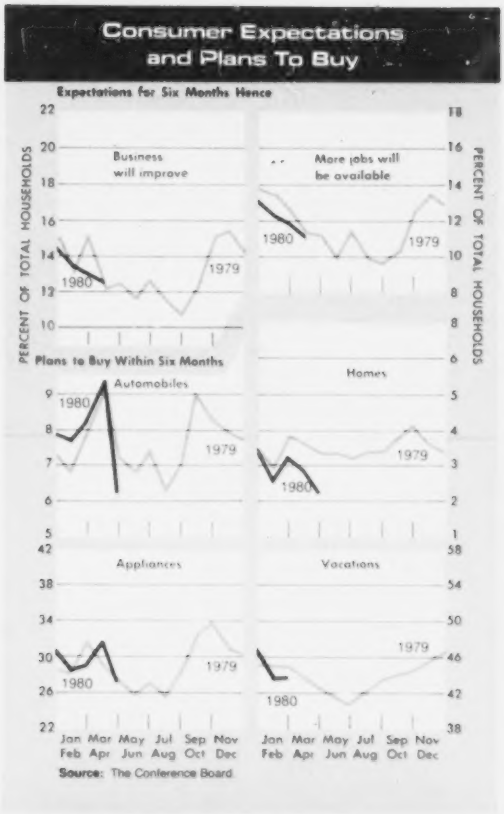
Weekly Cost of Food at Home December 1979

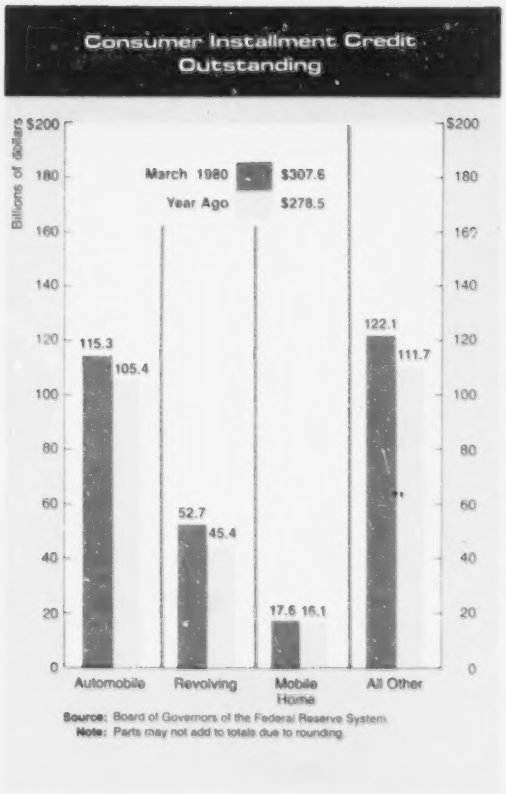


Source: Department of Agriculture

FINANCE FACTS

JUNE 1980





CONSUMER CONFIDENCE

Consumer confidence in U.S. economy tumbled 18 points in April and is now only moderately above levels registered in depths of 1974-1975 recession, The Conference Board reported. The Consumer Confidence Index (1969-1970=100) fell to 53.2 in April, down from 71.5 in March. It was sixth consecutive monthly drop for this economic barometer. Lowest previous reading was in late 1974 when Index stood at 40. Nearly 25% of families consider current business conditions "bad;" only 18% label them "good." Some 47% expect jobs to become less plentiful during next six months, compared with only 6% who expect job market to improve. Over 43% expect business conditions to worsen, only 8% look for an improvement.

Buying plans for wide variety of goods and services also fell in April. The Buying Plans Index declined from 116.4 in March to 86.3 in April, collapse of about 30 points. Plans to purchase are down for all major items included in the survey. Intentions to buy an automobile were reported by 6.3% of the surveyed households, down from 9.6% in March. Plans to purchase houses were reported by 2.2% of those surveyed, falling from 2.9%. Plans to purchase major appliance fell to 27%, down from about 32% in March.

HELP-WANTED INDEX

In March, the Help-wanted Advertising Index fell to its lowest level since May 1978, The Conference Board reported. The seasonally-adjusted Index stands at 145 (1967=100), down 6 points from February's reading and 11 points below year-ago level. The Index now rests 22 points below the 1979 peak of 167. In March, want-ad volume rose in only one area of the country (West South Central, up 1.5%), and continued to fall in the other eight regions. The largest loss for the month was in the East North Central, where volume decreased by 8.2%. The Help-wanted Index measures volume of classified advertising in 51 major newspapers across the nation.

CONSUMER INSTALLMENT CREDIT

Total consumer installment credit at end of March 1980 was $307.6 billion. Of this amount, $115.3 billion was outstanding in automobile credit, $52.7 billion in revolving credit, $17.6 billion in mobile home credit and $122.1 billion in all other credit (consisting of other consumer goods and personal loans).

During March 1980, total installment credit outstanding declined by $0.6 billion—automobile credit increased by $0.3 billion, revolving credit down $0.9 billion, and all other down $0.1 billion.

Net increase in installment credit outstanding by type since end March 1979 amounted to $29.2 billion. Of this increase, $9.9 billion was in automobile credit, $7.4 billion in revolving credit, $1.5 billion in mobile home credit and $10.4 billion in all other credit.

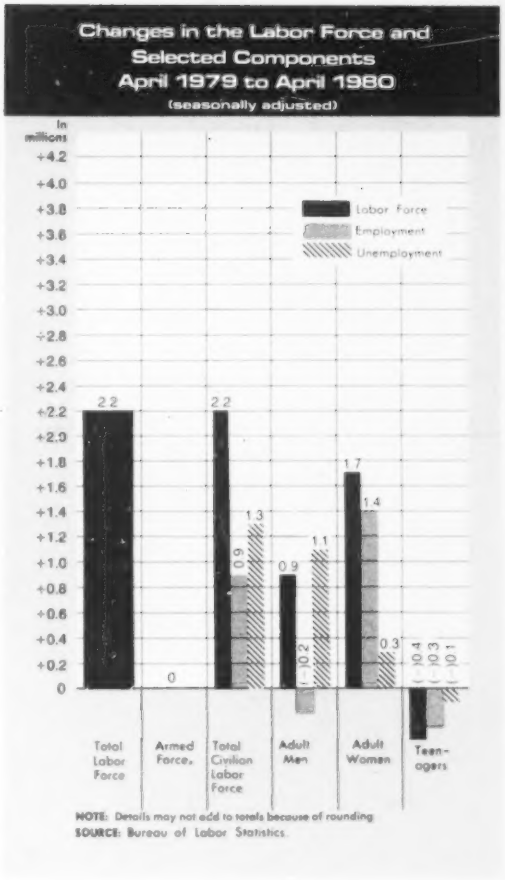
Net increase by institution over year was $9.9 billion for commercial banks, $13.4 billion for finance companies, $0.2 billion for credit unions, and $5.6 billion for all other institutions.

EMPLOYMENT SITUATION

Unemployment rose sharply in April and employment declined for second month in a row, the Bureau of Labor Statistics reported. April unemployment rate was 7.0%, highest rate since August 1977, up from 6.2% in March. Number of persons unemployed increased by 825,000 over the month and was up nearly 1.2 million from December.

Total employment was down 500,000 in April, following decline of 300,000 in March. At 97.2 million, total employment has fallen back to levels which prevailed during summer of 1979.

Nonfarm payroll employment dropped by 480,000 in April to 90.3 million. Decrease was concentrated in manufacturing, construction, and trade industries. Average weekly hours also declined over month.



REAL EARNINGS

Real gross average weekly earnings decreased 0.7% from February to March after allowance for seasonal variation. A 0.9% increase in average hourly earnings was offset by a 0.3% decrease in average weekly hours and a 1.4% increase in the CPI-W (urban wage earners and clerical workers). Over year, real average weekly earnings were down 7.1%. An 8.0% increase in average hourly earnings was offset by a 1.4% decrease in average weekly hours and by a 14.6% increase in the CPI-W.

FOREIGN FIRMS IN U.S.

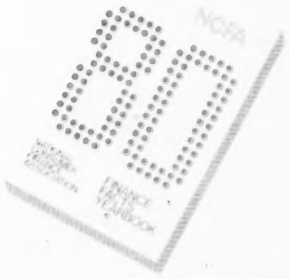
Foreign firms announced 104 new manufacturing investments in United States during first quarter of the year, The Conference Board reported. Spending figures were announced for 53 of these investments, amounting to $1.4 billion. First-quarter total compares with 85 investments reported in first quarter 1979 and with 139 in final quarter 1979.

North Carolina received 12 new investments in first quarter to lead all other states. Next came Pennsylvania (10), Texas (8), California (6), and New York, Ohio, Georgia and Illinois (5 each). West German companies reported 29 new investments, to lead other countries. Firms in the United Kingdom announced 21 new manufacturing projects and Japan, 14.

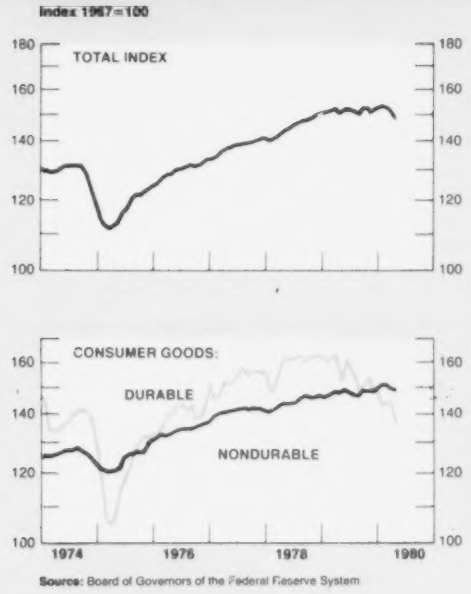
1980 FINANCE FACTS YEARBOOK

The 1980 Edition of the FINANCE FACTS YEARBOOK is now available. Developed by NCFA's Research Services Division, the FINANCE FACTS YEARBOOK contains an evaluation of the consumer and his job, income, spending, money management, and credit management, as well as details on the consumer installment credit business.

Copies may be obtained by clipping this article and sending it, with $4.50 for NCFA members and $8.50 for non-members, to Central Order Desk, National Consumer Finance Association, 1000 16th Street, N.W., Washington, D.C., 20036. Your name and mailing address should already appear on the opposite page.



Index of Industrial Production
by months (seasonally adjusted) 1974-1980



Source: Board of Governors of the Federal Reserve System

INDUSTRIAL PRODUCTION

Industrial production fell sharply in April, by estimated 1.9%, following smaller declines in both February and March. Largest declines during April occurred in production of motor vehicles, including parts and related materials, and construction supplies. Reductions were widespread among other components and accounted for most of decline in overall index. In April, at 148.5% of 1967 average, index was 2.9% below its high reached in March 1979.

Output of consumer goods declined 2.0% in April, reflecting sharp cutbacks in production of autos and utility vehicles as well as curtailments in other areas. Autos were assembled at an annual rate 15% below rate last month and more than 30% below rate in first half 1979. Further reductions occurred in the output of home goods and in consumer nondurable goods such as food and fuel. Output of construction supplies decreased sharply.

PRODUCER PRICE INDEXES

Producer Price Index for Finished Goods moved up 0.5% from March to April on seasonally adjusted basis, the Bureau of Labor Statistics reported. This was much less than in any month during first quarter 1980 and was smallest rise since last May. Prices for intermediate (semifinished) goods edged up 0.1%, smallest increase since July 1977. Crude material prices dropped 3.5%, third decline in last 4 months.

Among finished goods, consumer food prices fell 2.8% after advancing 1.1% in March and decreasing in January and February. Prices for finished energy goods rose 3.8%, following 2 months of increases of more than 7%. Index for consumer goods other than food and energy increased 0.6%, more than March but much less than either January or February. Capital equipment prices climbed 1.9%, more than twice as much as in either of 2 preceding months.

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JULY 1980

ECONOMIC PROSPECTS

The Conference Board's Economic Forum says current U.S. recession will begin to ease in early 1981, giving way to growth in second quarter of next year. The Forum, which issues detailed analyses of the economic outlook twice a year, is comprised of 10 noted economists and business analysts. The Forum now looks for the nation's real Gross National Product to decline by 0.5% in 1980 but to grow by 0.7% in 1981. Increases in consumer prices are expected to average 9.3% in 1981, down from an estimated 13.9% in 1980. The unemployment rate is projected at 8% for 1981, up from an estimated 7.1% this year.

While the recession is now viewed as being more severe than was previously projected, Forum members unanimously expect the economy to improve in 1981. All members anticipate growth in last three quarters of 1981.

CONSUMER INSTALLMENT CREDIT

Total consumer installment credit at end of April 1980 was $306.1 billion. Of this amount, $115.0 billion was outstanding in automobile credit, $52.2 billion in revolving credit, $17.7 billion in mobile home credit and $121.2 billion in all other credit (consisting of other consumer goods and personal loans).

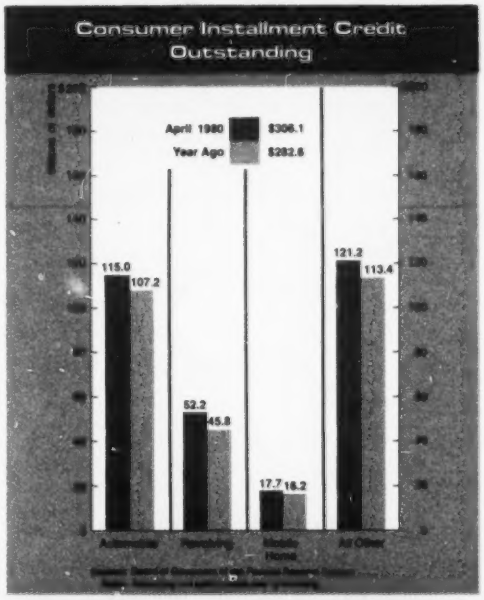
During April 1980, total installment credit outstanding declined by $1.5 billion—automobile credit decreased by $0.3 billion, revolving credit down $0.4 billion, and all other down $0.8 billion.

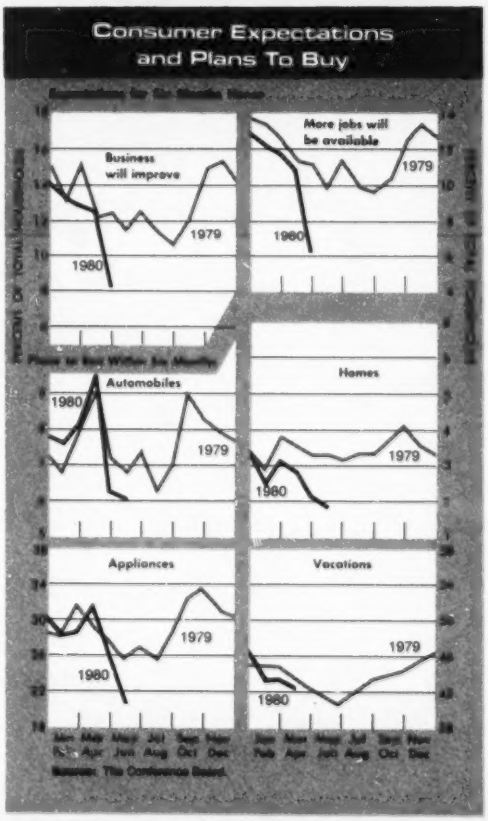
Net increase in installment credit outstanding by type since end April 1979 amounted to $23.6 billion. Of this increase, $7.8 billion was in automobile credit, $6.4 billion in revolving credit, $1.5 billion in mobile home credit and $7.8 billion in all other credit.

Net increase by institution over year was $5.6 billion for commercial banks, $13.2 billion for finance companies, $(−)0.6 billion for credit unions, and $5.4 billion for all other institutions.

CONSUMER CONFIDENCE

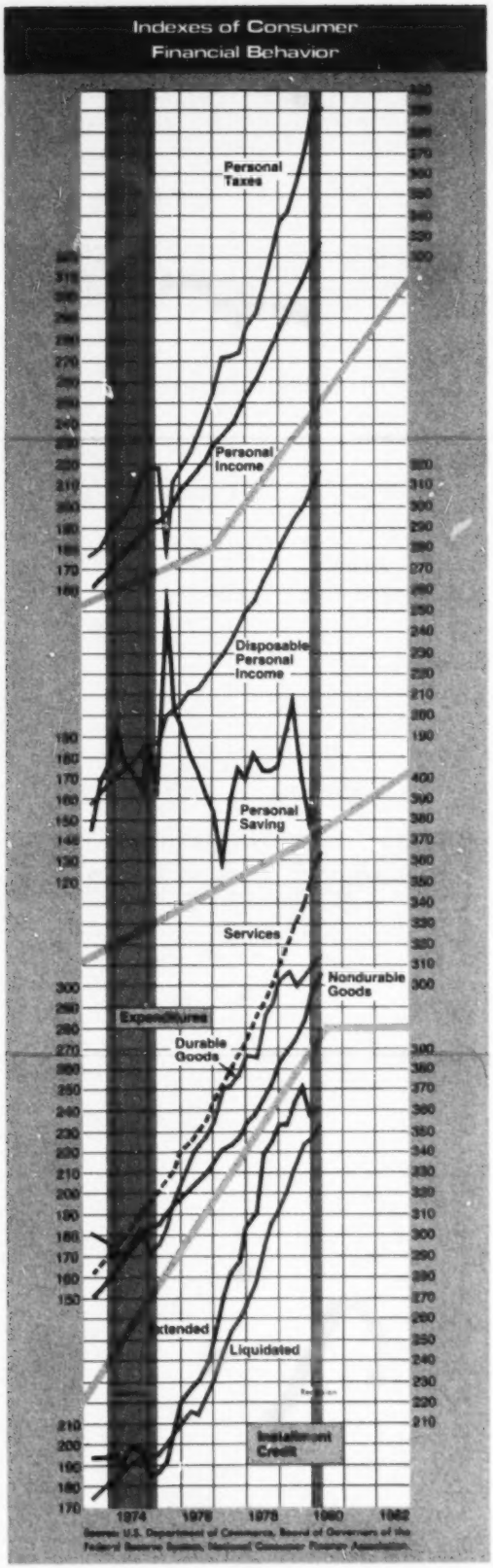
Confidence of American consumers and their buying plans have fallen sharply again, The Conference Board reported. The Consumer Confidence Index (1969-1970 = 100) plummeted to 41.9 in May, 11-point decline from April. The Buying Plans Index tumbled to 74.6, also down about 11 points from April. Consumer confidence has now fallen for seven consecutive months and is near all-time low registered at bottom of the last recession in late 1974. Buying plans are at their lowest levels in 12-year history of the survey.





FINANCE FACTS

JULY 1980



ENERGY PRICES

U.S. average price for all types of gasoline rose to $1.242 in April, 1.2 cents higher than March. April change is smallest percentage increase in price for all types of gasoline since October 1979. April prices of leaded regular gasoline averaged $1.212; unleaded regular, $1.264; and leaded premium, $1.292. In the 28 cities for which gasoline prices are published, prices of all types of gasoline averaged highest in Honolulu, Chicago, and San Francisco and lowest in Cleveland, Cincinnati, and Dallas.

U.S. average price per gallon of fuel oil showed very small increase of less than one cent in April to $1.01. Change in average price for fuel oil is the smallest percentage increase since this series of average prices began in November 1978. In the 15 cities for which fuel oil prices are published, price per gallon averaged highest in Seattle and Washington, D.C., and lowest in Baltimore and Scranton.

CONSUMER FINANCIAL BEHAVIOR

Most indexes were up somewhat in first quarter of 1980. Largest percentage increase was registered by personal saving, up 11.0 points (7.5%) to 157.0 (1967 = 100). Only declining index was personal taxes, dropping 1.1 points (0.3%) to 391.0.

Personal income index increased 8.3 points (2.6%) in first quarter 1980. Disposable personal income rose 9.8 points (3.2%), installment credit repaid rose 6.6 points (1.9%) and installment credit extended rose 2.5 points (0.7%).

Personal consumption expenditures indexes all rose—durable goods up 6.1 points (2.0%), nondurable goods up 9.3 points (3.1%) and services up 11.7 points (3.3%). Indexes for first and fourth quarter 1979 and first quarter 1980 (indexes 1967 = 100), are shown in the following table:

	1979		1980
	First Quarter	Fourth Quarter	First Quarter
Personal Income	295.7	320.0	328.3
Personal Taxes	341.5	392.1	391.0
Disposable Personal Income	288.7	309.1	318.9
Personal Saving	193.6	146.0	157.0
Durable Goods Expenditures	307.2	310.6	316.7
Nondurable Goods Expenditures	268.6	296.7	306.0
Expenditures on Services	321.6	352.5	364.2
Consumer Installment Credit Extended	352.5	358.4	360.9
Consumer Installment Credit Repaid	320.5	346.9	353.5

BUSINESSMEN'S EXPECTATIONS

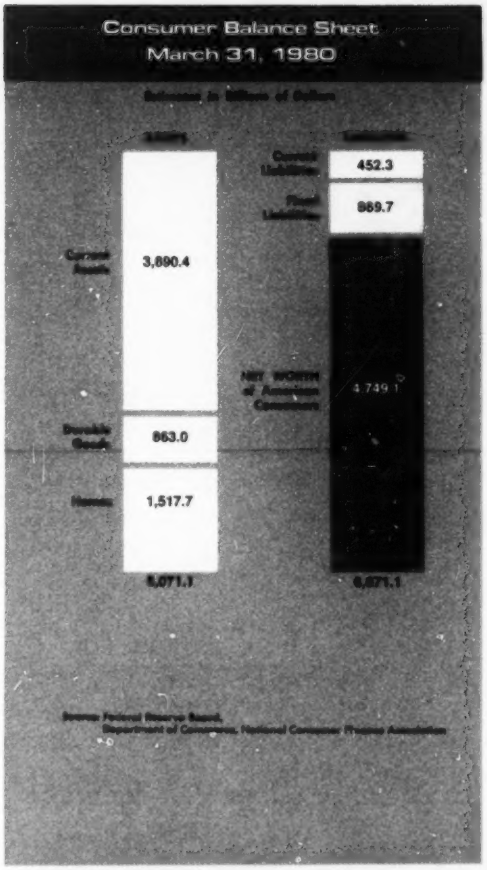
Business optimism has perked up from sag begun midway in 1979, according to latest Dun & Bradstreet Survey of Business Expectations. Among the 1,499 executives interviewed about prospects for 1980's second quarter, strengthening confidence was noted in regard to sales, new orders and profits. However, views on inventories and prices dimmed.

CONSUMER BALANCE SHEET

Total assets of consumers are preliminarily estimated at $6,071.1 billion as of March 31, 1980. At the same time, consumers had liabilities of $1,322.0 billion leaving them a net worth of $4,749.1.

Current (financial) assets were estimated at $3,690.4 billion. Fixed assets included $1,517.7 billion in homeownership and $863.0 billion as the value of durable goods for a total of $2,380.7 billion. Current liabilities stood at $452.3 billion and fixed liabilities of mortgage debt at $869.7 billion to bring total liabilities to $1,322.0 billion.

Asset and debt position of the American consumer at end of first quarter 1980 showed 10.1 to 1 asset-to-debt ratio of all assets and debts excluding those involving homeownership where the ratio was 1.7 to 1. The ratio of all assets to all debts was 4.6 to 1. Owners' equity stood at 78.2% of consumer assets at end of first quarter 1980.



EMPLOYMENT SITUATION

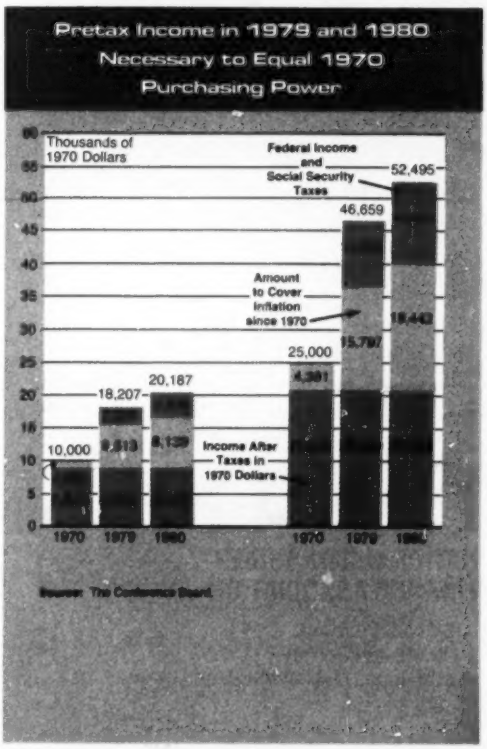
Unemployment rose sharply for second straight month and employment continued to decline in May, U.S. Department of Labor reported. Jobless rate was 7.8%, up from 7.0% in April and 6.2% in March. Total employment edged down in May, as 300,000 decline in nonfarm employment was partially offset by over-the-month gain in agriculture. Nonfarm payroll employment declined by 180,000 in May to 90.3 million. As in April, drop was concentrated in manufacturing. Average weekly hours fell for the fourth month in a row.

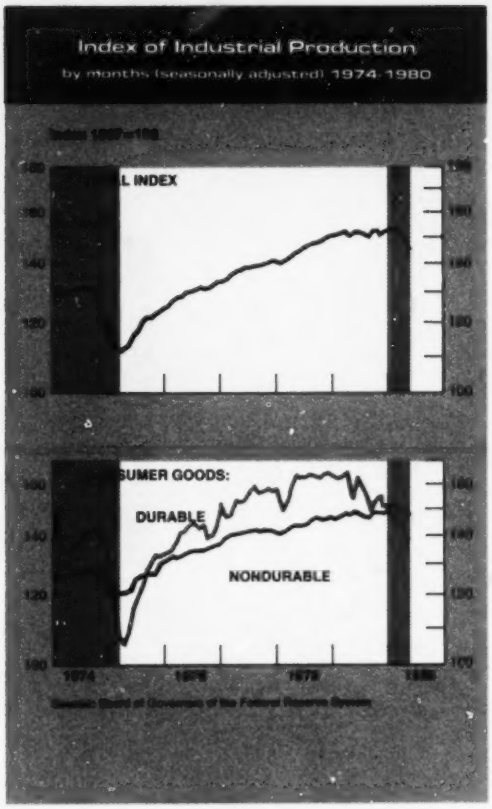
Unemployment rate rose 0.8 percentage point for second month in a row and stood at 7.8% in May, highest rate since November 1976. Number of persons unemployed increased by 900,000 to 8.2 million. Most of May increase can be traced to layoffs and job terminations; job losers now comprise more than half of unemployed total.

PURCHASING POWER

Family of four must earn pretax income just above $20,000 today to equal purchasing power of $10,000 in 1970, The Conference Board reports. Main reason for erosion of purchasing power is inflation, consumer price level has risen by more than 90% since 1970. Increased Social Security taxes have taken their toll, and for higher-income families there has been substantial rise in effective rate of income tax.

In 1970, a $10,000-a-year family had $8,640 to spend after Federal income and Social Security taxes. In 1980, same family will need gross income of $20,187 to match its 1970 after-tax spending power. Taxes siphon off $3,408 of this year's income, while an additional $8,139 is needed to cover rise in prices over last ten years. Four-person families with incomes of $15,000 and $25,000 in 1970 require 1980 incomes equaling $30,722 and $52,495, respectively, to maintain the same purchasing power. The $5,000-a-year family in 1970 must earn $9,660 to stay equal.





INDUSTRIAL PRODUCTION

Industrial production declined by estimated 2.1% in May, following decrease of 2.0% in April. Reductions in output occurred in all major market groupings and were particularly sizable for automotive products, home goods, construction supplies, and durable goods materials. May index, at 145.5% of the 1967 average, was 4.7% below level of the index in January 1980.

Output of consumer goods decreased 1.7% in May to level 6.1% lower than in May 1979. Production of consumer durable goods dropped almost 5% in May, reflecting sharp declines in autos, utility vehicles, appliances, furniture, and carpeting. Among consumer nondurable goods, clothing and consumer fuel showed particularly large declines in output.

PRODUCER PRICE INDEXES

Producer Price Index for Finished Goods moved up 0.3% from April to May on seasonally adjusted basis, U.S. Department of Labor reported. This was somewhat less than 0.5% rise in April and was smallest increase since 0.2% rise in September 1977. Prices for intermediate (semifinished) goods were 0.4% higher, third consecutive monthly advance of half a percent or less. Crude material prices climbed 1.3% after declining substantially in both March and April.

PERSONAL INCOME

Personal income increased $3.1 billion in May to seasonally adjusted annual rate of $2,070.0 billion, according to U.S. Department of Commerce. Personal outlays declined $2.7 billion to $1,661.3 billion. Wages and salaries declined $1.1 billion in May, reflecting large private industry decline but increase of $1.5 billion in government wages and salaries. Transfer payments increased $3.5 billion in May, compared with $1.4 billion in April.

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FINANCE FACTS

A Monthly Publication on Consumer Financial Behavior

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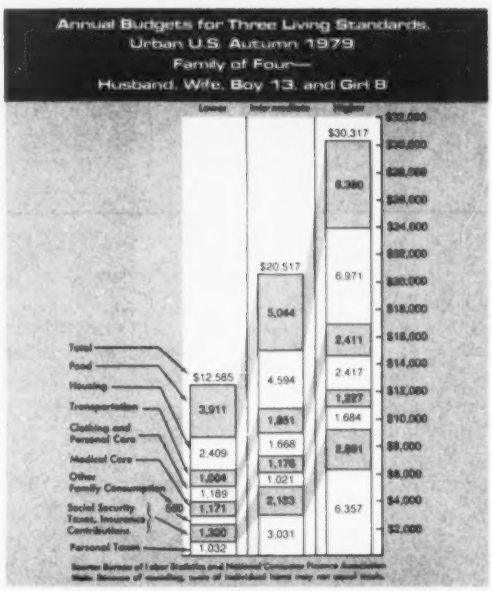
AUGUST 1980

ANNUAL BUDGETS

In Autumn 1979, U.S. average cost of lower budget for an urban family of four was $12,585 a year, while intermediate and higher levels were $20,517 and $30,317, respectively, according to U.S. Department of Labor. From autumn 1978 to autumn 1979, total cost of lower budget rose 9.0%, and intermediate and higher budgets rose 10.2% and 10.6% respectively. Latter two budgets rose more than lower budget in 1979 because of large increases in homeowner costs and social security contributions. Consumption costs rose approximately 9% in lower budget and 10% in intermediate and higher budgets, with largest increase among components occurring in transportation.

Prices based on the Consumer Price Index for Urban Wage Earners and Clerical Workers have increased since fall 1979 for specific categories as follows: Food—5.3%, housing—10.1%, transportation—11.9%, clothing and personal care—4.7% and medical care—7.2%.



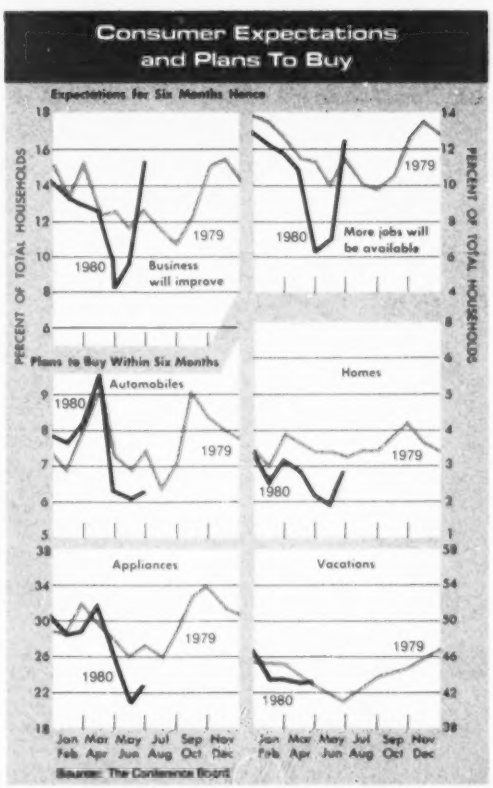
HOME MORTGAGE RATES

Conventional home mortgage rates declined sharply in early June, according to the Federal Home Loan Bank Board. Commitment rates for future mortgage lending posted record decline of more than two full percentage points, bringing rate of dropoff since early April to more than 3%. Reflecting loan commitments issued since early April, rates on loans closed declined for first time in three years.

CONSUMER CONFIDENCE

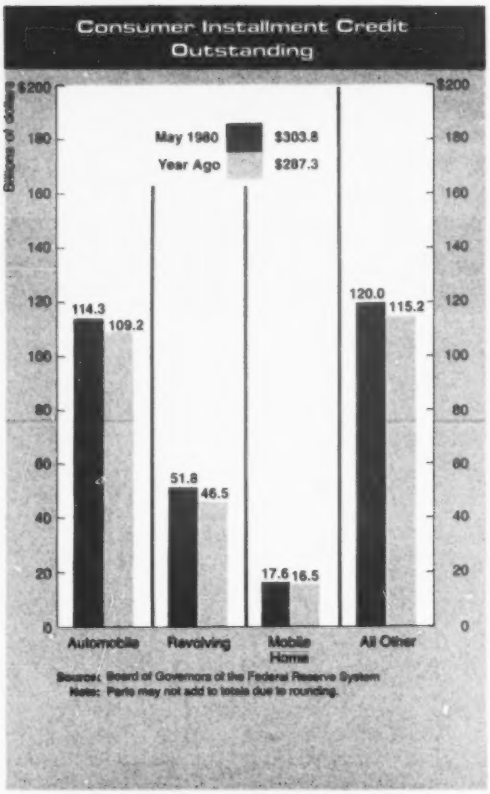
For first time in eight months, consumer confidence has improved, The Conference Board reported. The Consumer Confidence Index (1969-1970 = 100) climbed to 48 in June, a gain of nearly 6 points over May. Since last October, consumer confidence had plunged more than 41 points. The Buying Plans Index also turned up in June, closing at 87.2, up 11 points from May. Hopes of American consumers for next six months have brightened. Expectational segment of the survey, which has accurately forecast major turning points in the economy, has perked up considerably. Over 15% of families expect business conditions to improve in next six months, up from 9.5% in May. About 13% look for increased number of jobs, rising from only 7% in May.

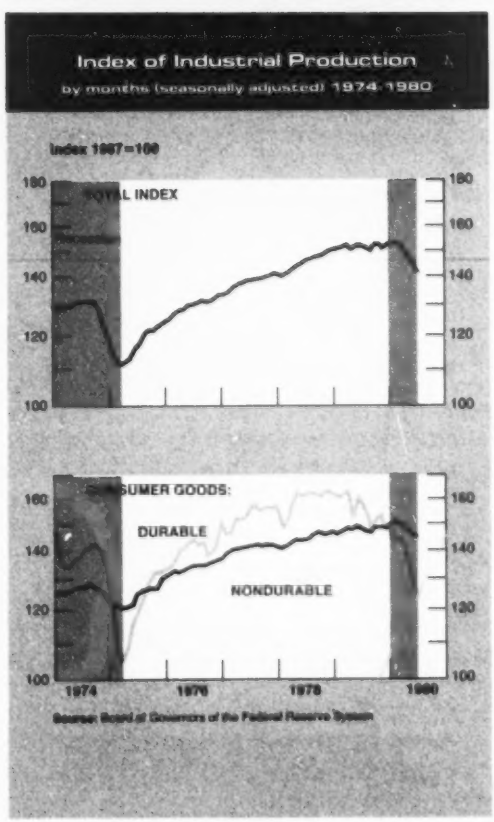
Buying plans improved for all of the series included in the survey. Intentions to buy automobiles were reported by 6.6% of all familes, up from 6%. Home-buying plans are now 2.9%, up from 2% in May. Plans to buy major appliances are only marginally better than last time, gain of about 1 point over May. Vacation plans in June were about same as in April, about 43%.



FINANCE FACTS

AUGUST 1980





CONSUMER INSTALLMENT CREDIT

Total consumer installment credit at end of May 1980, was $303.8 billion. Of this amount, $114.3 billion was outstanding in automobile credit, $51.8 billion in revolving credit, $17.6 billion in mobile home credit and $120.0 billion in all other credit (consisting of other consumer goods and personal loans).

During May 1980, total installment credit outstanding declined by $2.4 billion—automobile credit decreased by $0.7 billion, revolving credit down $0.4 billion, and all other down $1.3 billion.

Net increase in installment credit outstanding by type since end May 1979 amounted to $16.4 billion. Of this increase, $5.1 billion was in automobile credit, $5.3 billion in revolving credit, $1.2 billion in mobile home credit and $4.8 billion in all other credit.

Net change by institution over year was increase of $1.1 billion for commercial banks, and $12.5 billion for finance companies, decrease of $1.9 billion for credit unions, and increase of $4.8 billion for all other institutions.

HELP-WANTED INDEX

The Conference Board's Help-wanted Advertising Index fell again in May for the sixth month in a row. At 112 (1967 = 100), seasonally-adjusted Index stood ten points below April level of 122 and 42 points below year-ago figure of 154. Since October 1979, want-ad volume fell 32.8% nationally, and all nine regions registered sizable drops during this six-month period. Steepest declines were in the Mountain region (44.3%), the West North Central (41.5%) and the East North Central (40.9%). Lesser declines were recorded in the East South Central (33.1%), the South Atlantic (32%), the Pacific region (30.6%), the West South Central (27.3%), the New England region (24.2%), and the Middle Atlantic region (23.3%). The Help-wanted Index measures the volume of classified advertising in 51 major newspapers across the nation. It is sensitive to changes in demand for labor, as well as general business conditions.

INDUSTRIAL PRODUCTION

Industrial production dropped estimated 2.4% in June reflecting widespread reductions in output of both products and materials. June decline in output follows revised decreases of 2.4% in May and 2.2% in April. At 141.2% of 1967 average, production index in June was 7.7% below its peak in March 1979.

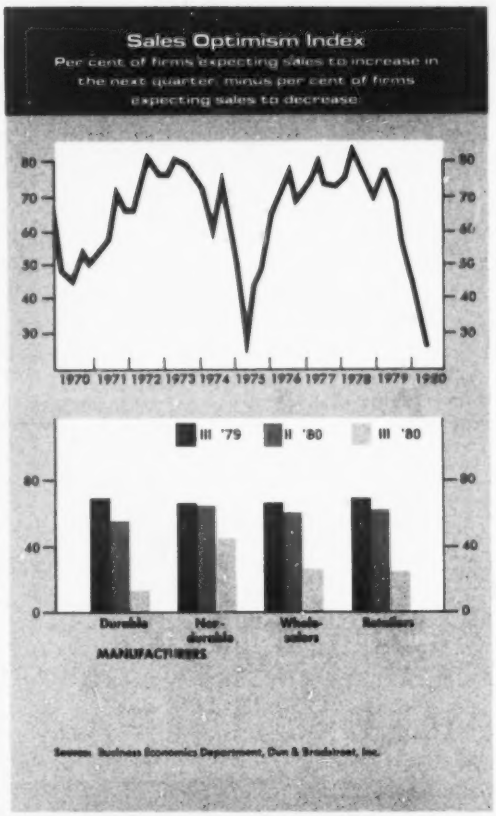
Output of durable consumer goods decreased 0.9% in June following declines of more than 5% in each of two preceding months. Smaller overall decline was result mainly of increase in auto assemblies from their extremely low May level; there were continued sharp reductions in most other consumer goods industries. Auto assemblies rose about 7% to an annual rate of 5.9 million units in June. Business equipment output declined 2.3% in June, more than twice as much as May, reflecting cutbacks in almost all equipment industries. Output of construction supplies was reduced 4.5%, bringing this component to a level 18.2% below year earlier.

BUSINESSMEN'S EXPECTATIONS

Business optimism about sales and profits tumbled to lowest level since 1975 according to Dun & Bradstreet's latest Survey of Business Expectations. Some 1,429 executives were interviewed about their outlook for third quarter 1980. Views of business leaders about sales prospects were gloomier than in 1961, but not as dismal as in earlier recessions such as 1958, 1954, and 1949.

The Sales Optimism Index (percentage expecting increases minus percentage expecting decreases) plunged 35 points to 26 for third quarter from reading of 61 in second quarter. This was lowest level since second quarter 1975 when it stood at 24. Among manufacturers of durable goods, optimism dropped most severely, 45 points to 11, dimmest level since the 6 reached in second quarter 1958. Manufacturers of non-durable goods showed least moderation in confidence down to 47 from 66.

Profits Optimism Index fell 28 points to 18 but held above the 16 registered in 1975. Again, executives in durable goods industries showed greatest loss of confidence, their reading of 9 was only one-half the 18 for wholesalers and retailers and approximately one-fourth of index of 35 registered for makers of non-durable goods.



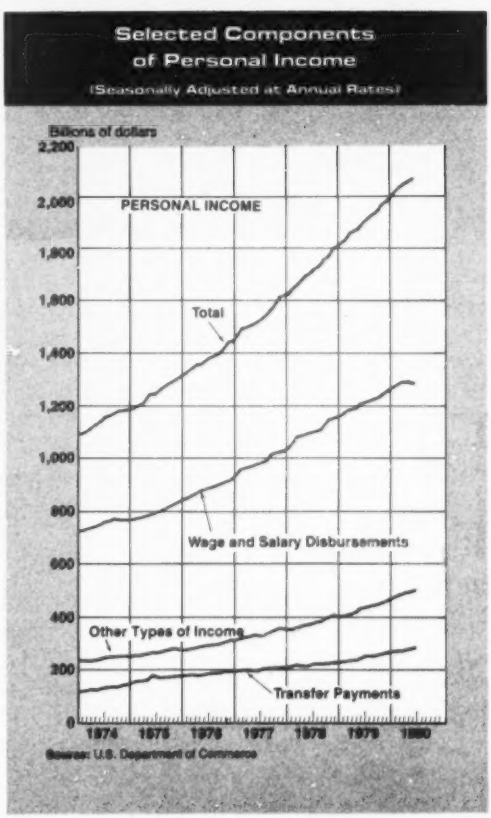
PRODUCER PRICE INDEXES

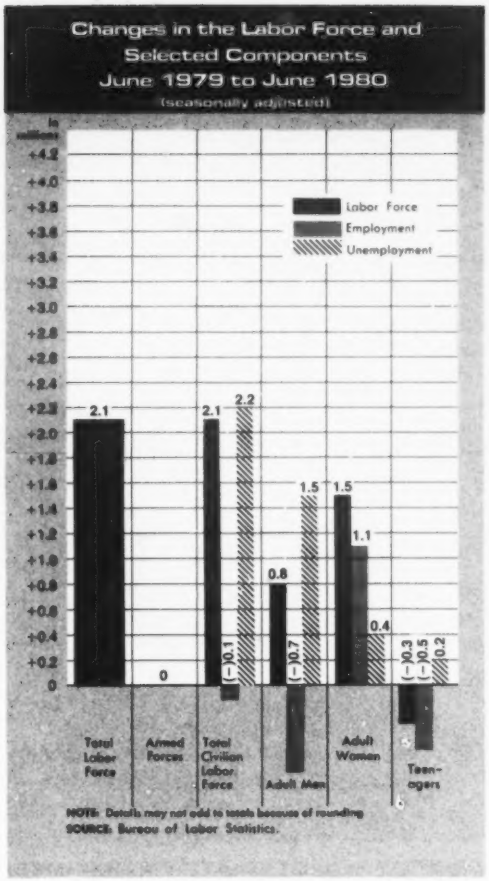
Producer Price Index for Finished Goods moved up 0.8% from May to June on seasonally adjusted basis, U.S. Department of Labor reported. This was more than in either of 2 preceding months but was much less than in any month during first quarter. Prices for intermediate (semifinished) goods were also 0.8% higher, more than in the past few months but less than in the opening months of year. Crude material prices rose 0.3%, following 1.3% climb in May and substantial decline in 2 months before that.

PERSONAL INCOME

Personal income increased $8.0 billion in June to seasonally adjusted annual rate of $2,085.7 billion, according to U.S. Department of Commerce. Personal outlays increased $16.4 billion to $1,680.8 billion. In May, personal income had increased $6.2 billion, and personal outlays declined $3.9 billion, based on revised estimates. Wages and salaries increased $0.8 billion in June, compared with $0.1 billion in May. Commodity-producing industries' payrolls declined $3.6 billion, distributive industries' payrolls unchanged. Service industries payrolls increased $3.4 billion, government wages and salaries increased $1.0 billion. Declines in employment and average weekly hours more than offset increase in average hourly earnings. Transfer payments increased $2.7 billion.

Personal tax and nontax payments increased $2.4 billion in June, compared with $2.5 billion in May. Disposable personal income increased $5.5 billion in June, compared with $3.7 billion in May. Disposable personal income increased $5.5 billion in June, compared with $3.7 billion in May. Personal outlays increased $16.4 billion in June, following decline of $3.9 billion in May. Personal saving was $78.2 billion in June, compared with $89.1 billion in May.





EMPLOYMENT SITUATION

Employment continued to decline, but unemployment was virtually unchanged in June, U.S. Department of Labor reported. Following large increases in both April and May, unemployment rate held about steady at 7.7% and number of unemployed at 8.0 million in June. Total employment dropped by 450,000 over month. At 96.5 million in June, employment has declined 1.4 million since February and was at about level which prevailed year ago.

Jobless rates for most worker groups showed little change over month. Accordingly, rates for adult men (6.7%), adult women (6.5%) and teenagers (18.5%) remained close to those which prevailed in May. Median duration of unemployment rose from 5.7 to 6.4 weeks.

GROSS NATIONAL PRODUCT

Gross national product is preliminarily estimated to have increased $2.6 billion or 0.4% at seasonally adjusted annual rate in second quarter 1980 to $2,523.4 billion, according to U.S. Department of Commerce. In first quarter, GNP increased $63.9 billion or 10.8%. Real output decreased 9.1% at an annual rate in second quarter, compared with an increase of 1.2% in first. Decrease in real output was attributable to final sales which fell 9.6%, following an increase of 1.5% in first quarter. Real inventory accumulation increased slightly in second quarter.

Personal consumption expenditures decreased $1.3 billion in second quarter, compared with an increase of $49.1 billion in first. Purchases of durable goods decreased $23.2 billion, largely in motor vehicles, following increase of $4.0 billion. Purchases of nondurable goods increased $2.4 billion, compared with $21.3 billion. Expenditures on services increased $19.5 billion, compared with $23.8 billion.

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FINANCE FACTS

A Monthly Publication on Consumer Financial Behavior

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SEPTEMBER 1980

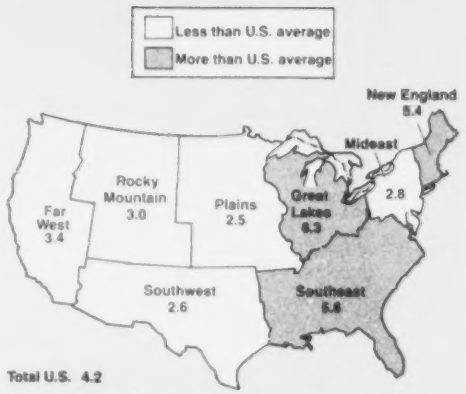
SENSITIVITY OF STATES TO NATIONAL BUSINESS CYCLE

Michigan and New Hampshire were the States most affected by 1973-79 national business cycle as measured by State nonfarm wages and salaries, according to U.S. Department of Commerce. Alaska, North Dakota, and Idaho were least affected. The 1973-79 national business cycle consisted of a recession, from fourth quarter 1973 through first quarter 1975, and an expansion, from first quarter 1975 through fourth quarter 1979.

Nonfarm wages and salaries showed substantial sensitivity in most of the New England, Great Lakes, and Southeast States and little sensitivity in most of the Mideast, Plains, Southwest, and Rocky Mountain States. Unemployment compensation payments partly offset the sensitivity in nearly all States, and the offset was larger in the more sensitive States. Among industrial components of U.S. nonfarm payrolls, construction and manufacturing were most sensitive industries, and private service-type industries, government, and mining were least sensitive. Durables manufacturing payrolls contributed substantially to sensitivity of total nonfarm payrolls.

Nonfarm payrolls in the United States increased 10.4% (at an average annual rate) in the expansion and 6.2% in the recession. The cyclical swing or difference between the expansion and recession rates of change (4.2 percentage points) measures the sensitivity of nonfarm payrolls to the national business cycle.

Cyclical Swing: Nonfarm Payrolls, QIV 1973—QIV 1979
(In Percent)



Source: Department of Commerce

CONSUMER INSTALLMENT CREDIT

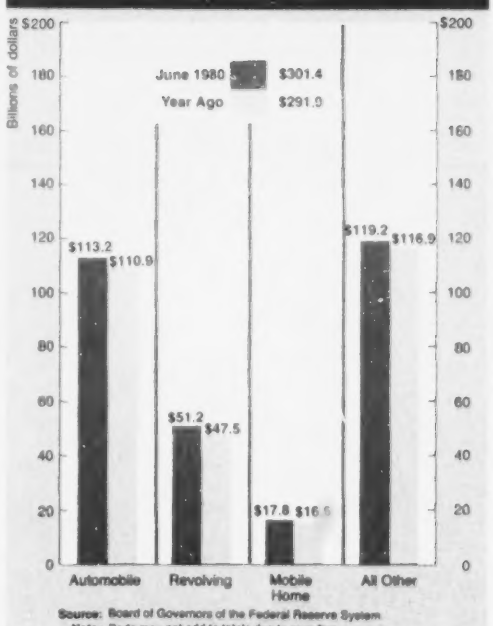
Total consumer installment credit at end of June 1980, was $301.4 billion. Of this amount $113.2 billion was outstanding in automobile credit, $51.2 billion in revolving credit, $17.8 billion in mobile home credit and $119.2 billion in all other credit (consisting of other consumer goods and personal loans).

During June 1980, total installment credit outstanding declined by $2.4 billion — automobile credit decreased by $1.1 billion, revolving credit down $0.6 billion, and all other down $0.7 billion.

Net increase in installment credit outstanding by type since end June 1979 amounted to $9.5 billion. Of this increase, $2.2 billion was in automobile credit, $3.8 billion in revolving credit, $1.2 billion in mobile home credit and $2.3 billion in all other credit.

Net change by institution over year was increase of $12.1 billion for finance companies; decrease of $3.1 billion for commercial banks, and $3.7 billion for credit unions; and increase of $4.2 billion for all other institutions.

Consumer Installment Credit Outstanding

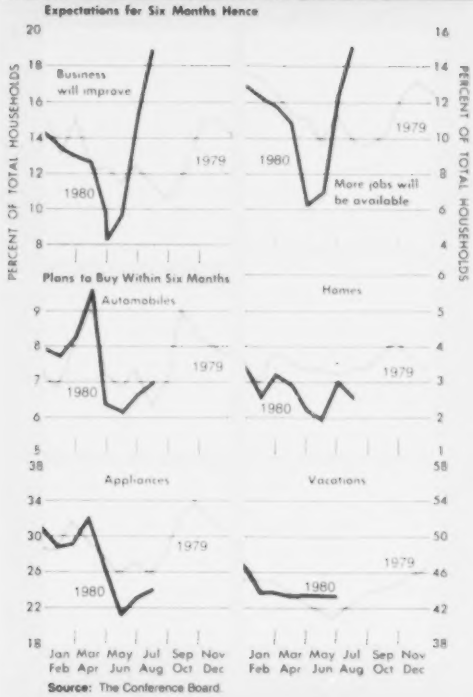


Source: Board of Governors of the Federal Reserve System
Note: Parts may not add to totals due to rounding.

FINANCE FACTS

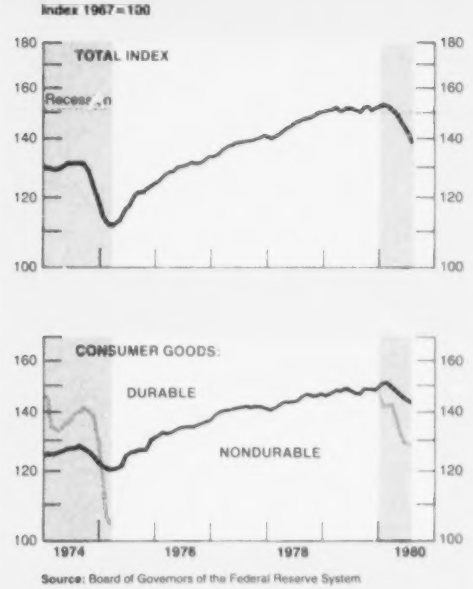
SEPTEMBER 1980

Consumer Expectations and Plans To Buy



Source: The Conference Board.

Index of Industrial Production
by months (seasonally adjusted) 1974-1980



Source: Board of Governors of the Federal Reserve System

CONSUMER CONFIDENCE

U.S. consumer confidence rose impressively for second month in a row in July, The Conference Board reported. The Consumer Confidence Index (1969-1970 = 100) advanced to 58.1, gain of about 10 points over June. It is still 12 points below year-ago reading, however. The Buying Plans Index fell slightly to 87.3, following sharp jump in June when figure reached 89.9. Consumers continued to be more optimistic about future direction of the economy. Nearly 19% expect business conditions to improve in next six months, up from 15% in June. More than 15% expect jobs to become more plentiful, up from 12% in June.

Buying plans were mixed in July. Auto-buying plans continued to rise, with 7% of families reporting they will buy new or used auto during next six months, up from 6.6% in June and 6% in May. Home-buying plans tumbled in July. Only 2.5% of surveyed families plan to buy a house during next six months, down from 3% in June. Plans to buy major appliances advanced slightly to about 24% in July, up from 23% in June.

EDUCATION OF WORKERS

The work force of the U.S. is increasingly becoming more educated, according to the Department of Labor. In March 1979, of all workers age 18 and over, 36% had at least 1 year of college. In 1970 that figure was 26%. Of those in the work force with some college background, about one-half had completed at least 4 years. Proportion of workers who had stopped schooling upon completing high school comprised about 40% throughout the decade, but percent who didn't complete high school declined considerably.

Participation of men in the labor force continued to decline during the 1970's. Decline was steepest for those with less than high school education — from 73% in 1970 to 62% in 1979. Decrease was greatest among those 55 years old and over (from 49% to 35%), many of whom were least equipped to compete in the increasingly technological labor market and qualified for some form of retirement benefit. As participation rates for men fell from 1970 to 1979, women with at least a high school education sharply increased their labor force participation. In age and education, greatest increase occurred among women age 25-34 with 1 to 3 years of college — they showed increase in labor force participation rate from 46% to 67%.

INDUSTRIAL PRODUCTION

Industrial production declined estimated 1.6% in July, reflecting sharp curtailments in the production of most durable and nondurable goods materials and further cutbacks in the output of business equipment, home goods, and consumer nondurable goods. Output of electric and gas utilities increased 1.7%, while manufacturing production dropped 1.9% and mining output 0.9%. July decline in total industrial production follows decreases for April, May, and June of 2.3%, 2.6%, and 2.3% respectively. At 138.8% of 1967 average, index in July was 9.0% below its level in January 1980. Output of consumer goods declined 1.1% in July — about same as June and less than in preceding two months.

CONSUMER FINANCIAL BEHAVIOR

Indexes were mixed, but generally depressed, in second quarter of 1980. Largest percentage increase was registered by personal saving, up 45.2 points (28.7%) to 202.7 (1967 = 100). Largest declining index was installment credit extended, dropping 71.4 points (19.8%) to 289.5, followed by durable goods expenditures, down 33.4 points (10.6%) to 283.0. Also declining was installment credit repaid, down 9.0 points (2.5%) to 344.5.

Personal income index increased 3.5 points (1.1%) in second quarter 1980. Personal taxes rose 5.2 points (1.3%), as did disposable personal income, up 3.0 points (0.9%). Personal consumption expenditures, excepting durable goods, showed small percentage increases. Expenditures on services rose 9.4 points (2.6%), and nondurable goods was up 1.1 points (0.4%).

Indexes for second quarter 1979 and first and second quarter 1980 (indexes 1967 = 100) are shown in the following table:

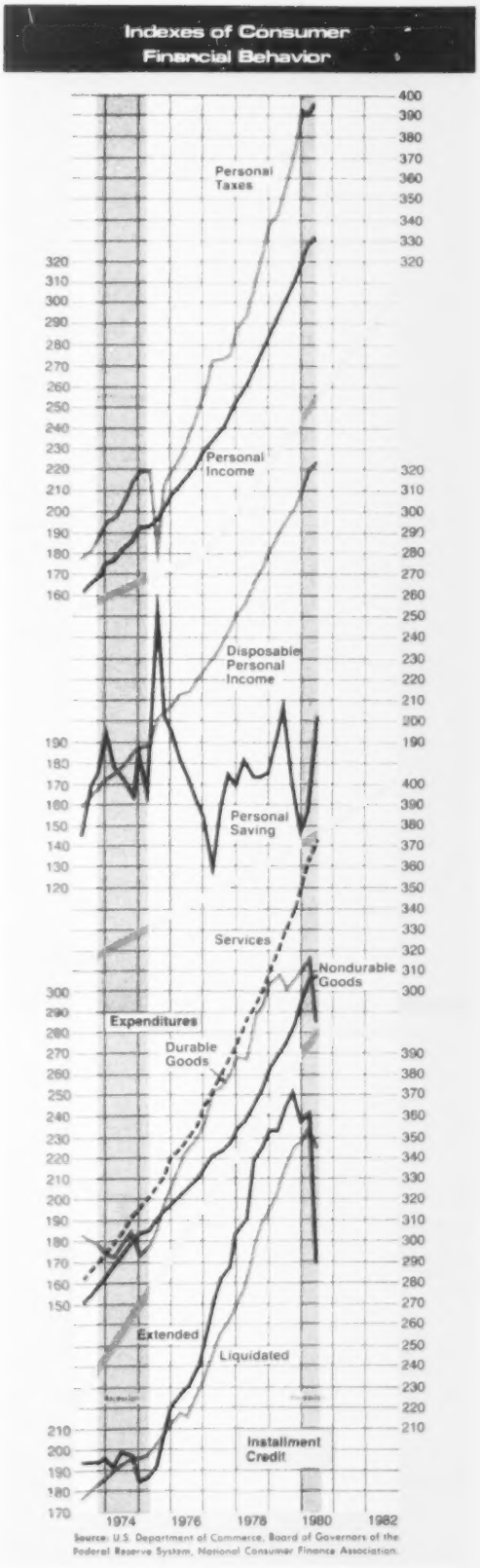
	1979	1980	
	Second Quarter	First Quarter	Second Quarter
Personal Income	302.0	328.3	331.8
Personal Taxes	354.1	389.8	395.0
Disposable Personal Income	294.2	319.1	322.1
Personal Saving	210.0	157.5	202.7
Durable Goods Expenditures	299.9	316.4	283.0
Nondurable Goods Expenditures	273.4	306.7	307.8
Expenditures on Services	329.6	363.9	373.3
Consumer Installment Credit Extended	363.9	360.9	289.5
Consumer Installment Credit Repaid	333.7	353.5	344.5

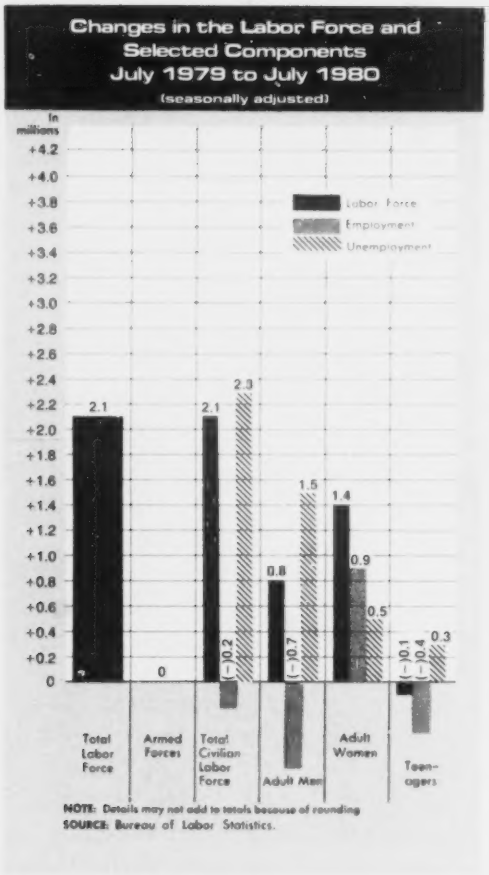
BUSINESS CONFIDENCE

The Conference Board's Measure of Business Confidence hit a new low in second quarter 1980, registering 29 on a scale of 0-100. Previous low was 32, set in August and November 1979. Sharpest second quarter sentiment declines were in the transportation industry (mainly air and rail carriers) and in certain manufacturing industries — textiles, apparel, machinery, primary metals and transportation equipment. Several industries showed improvements from first quarter to the second in assessments of own-industry outlook. These included utilities, insurance and banking (as well as nonbank financial institutions).

CAPACITY UTILIZATION

Capacity utilization in manufacturing declined 1.6 percentage points in July to 74.2%. Utilization rate for producers of industrial materials dropped 1.7 percentage points to 74.0%. Both rates remained above their 1975 cyclical lows of about 69%. Producers of durable goods materials operated at 68.8% of capacity in July, 2.2 percentage points below June rate. Nondurable goods materials utilization declined 2.5 percentage points to 76.3%.





PERSONAL INCOME

Personal income increased $28.6 billion in July to seasonally adjusted annual rate of $2,117.6 billion, according to U.S. Department of Commerce. Personal outlays increased $26.6 billion to $1,705.7 billion. In June, personal income increased $10.9 billion and personal outlays increased $12.6 billion. Large increase in personal income in July was due primarily to transfer payments, which increased $24.6 billion in July, compared with $3.0 billion in June. About $17.5 billion of July increase resulted from a 14.3% cost-of-living adjustment to several transfer payment programs. Excluding increases in benefit payments, personal income in July increased $6.6 billion.

EMPLOYMENT SITUATION

Unemployment was about unchanged in July, while there were contrasting movements in the two major employment series, U.S. Department of Labor reported. Nation's unemployment rate was 7.8%, little different from May and June rates. Total employment — as measured by monthly survey of households — rose by 460,000 in July, following 4 consecutive monthly declines. Nonfarm payroll employment — as measured by monthly survey of establishments — fell by 240,000 in July. Increase in strike activity contributed to the drop. Like total employment, payroll jobs declined during February-June period.

There was little or no over-the-month change in rate for adult men (6.7%), adult women (6.7%), and teenagers (19.0%). Number of unemployed persons, at 8.2 million in July, was similar to levels registered in May and June but was up about 2 million since turn of the year. The median duration of unemployment increased for the second month in a row. About 1 of every 9 jobseekers had been out of work at least half a year.

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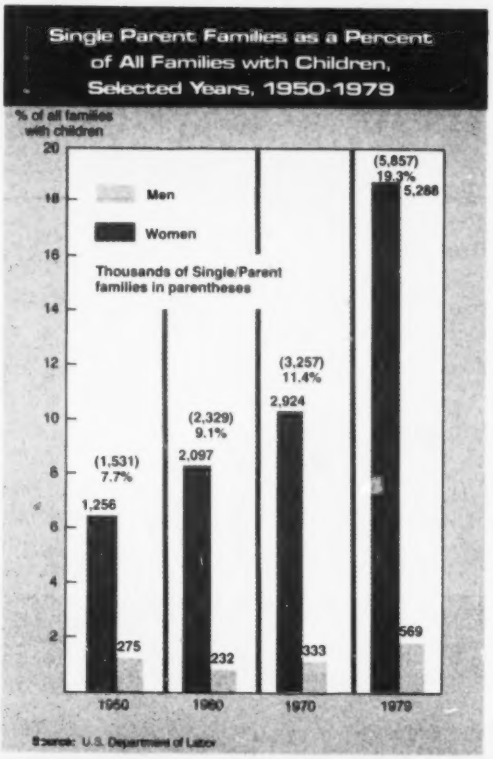
OCTOBER 1980

SINGLE-PARENT FAMILIES

Nearly one of every five families with children under 18 was maintained by a single parent, who was either divorced, separated, widowed, or never married, in March 1979, compared with one in nine in 1970, according to Department of Labor study. Accelerated growth in the number of one-parent families during 1970's — increase of over 2.5 million between 1970 and 1979 — was far greater than that registered during preceding two decades, 1950-70. One-parent families are largely maintained by mothers (90%).

Rise in number of one-parent families during 1970's occurred mainly among families maintained by women. Most prominent reason was rising incidence of marital breakup. Since 1970, divorce rate in this country has increased from 3.5 per thousand population to 5.2 per thousand. From 1950 to 1970, rate of divorce rose from 2.6 to 3.5 per thousand. Another factor, but of less importance, has been rising proportion of births outside of marriage.

Median income for single-parent families in 1978 ($7,800) averaged only about 38% that of two-parent families, largely because families maintained by mothers had extremely low income. Average income of families maintained by the mother was only 34% that of two-parent families, whereas median income for single-parent families maintained by the father was about 71% that of two-parent families.



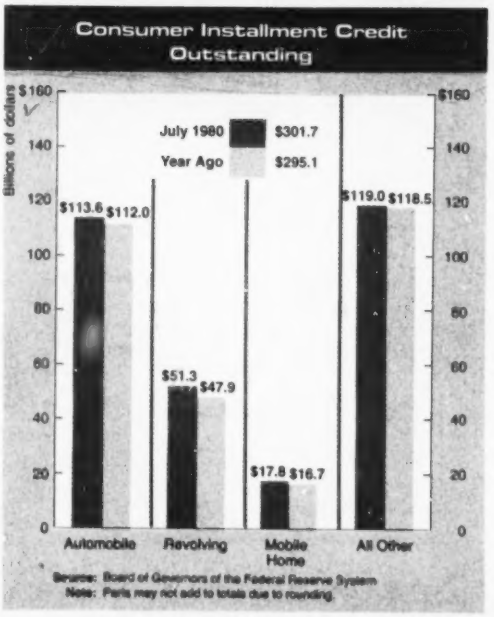
CONSUMER INSTALLMENT CREDIT

Total consumer installment credit at end of July 1980, was $301.7 billion. Of this amount $113.6 billion was outstanding in automobile credit, $51.3 billion in revolving credit, $17.8 billion in mobile home credit and $119.0 billion in all other credit (consisting of other consumer goods and personal loans).

During July 1980, total installment credit outstanding increased by $0.4 billion — automobile credit increased by $0.4 billion, revolving credit up $0.1 billion, and all other down $0.2 billion.

Net increase in installment credit outstanding by type since end July 1979 amounted to $6.7 billion. Of this increase, $1.7 billion was in automobile credit, $3.4 billion in revolving credit, $1.1 billion in mobile home credit and $0.5 billion in all other credit.

Net change by institution over year was increase of $11.4 billion for finance companies; decrease of $4.7 billion for commercial banks, and $4.4 billion for credit unions; and increase of $4.3 billion for all other institutions.



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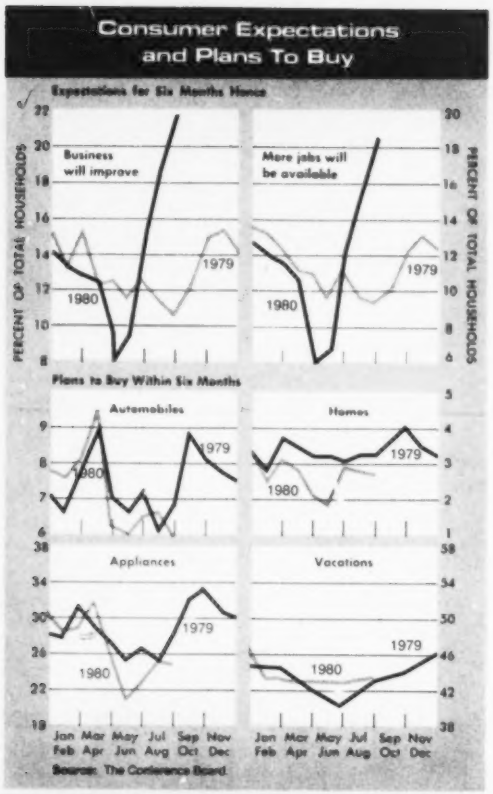
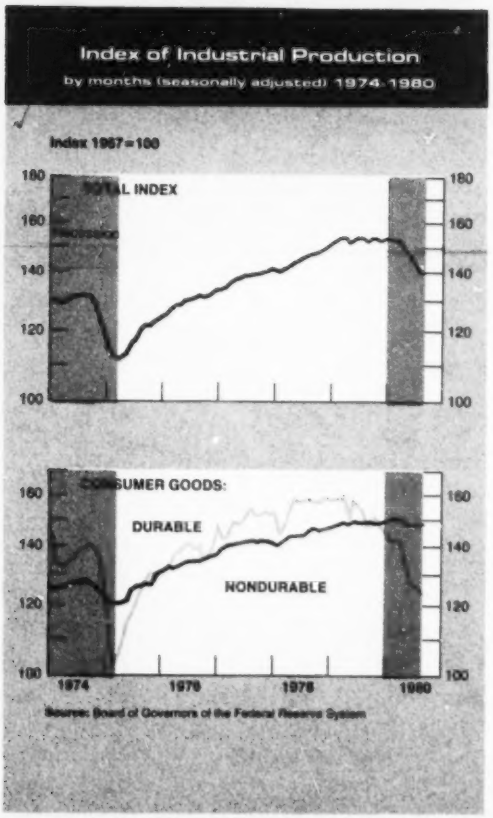




CONSUMER CONFIDENCE

U.S. consumer confidence registered its third monthly jump in a row in August, according to The Conference Board. The Consumer Confidence Index (1969-1970=100) advanced to 65.8, up from 59.4 in July, having climbed 24 points since May. The Buying Plans Index declined to 84.2 in August, down from 90.2 in July. Consumer expectations are now higher than they have been for year and a half. About 22% of all families surveyed look for business conditions to improve in next six months, up from 19% in July. Nearly 19% expect job situation to improve, up from 16%.

Buying plans moved downward. Plans to buy cars dipped to 6% in August, down from 6.7%, home-buying plans held about even with 2.7% of families planning to buy a house during next six months. Plans to buy major appliances were unchanged. Vacation plans also held steady.

ENERGY PRICES

U.S. average price for all types of gasoline rose to $1.247 in July, U.S. Department of Labor reported. July prices of leaded regular gasoline averaged $1.216; unleaded regular, $1.271; and leaded premium, $1.307. In 28 cities for which gasoline prices are published, prices of all types of gasoline averaged highest in Honolulu, San Francisco, and Chicago and lowest in Dallas, Kansas City, Milwaukee, and St. Louis.

U.S. average price per gallon of fuel oil rose to $1.022 in July. In 15 cities for which fuel oil prices are published, price per gallon averaged highest in Seattle, Anchorage, and Washington, D.C., and lowest in Baltimore and Scranton.

PRODUCER PRICE INDEXES

Producer Price Index for Finished Goods moved up 1.5% from July to August on seasonally adjusted basis, U.S. Department of Labor reported. This followed 1.7% increase in July. Prices for intermediate goods moved up 1.0%, after rising 0.8% in both June and July. Crude material prices jumped 5.7%. Nearly two-thirds of August movement in Finished Goods Price Index was caused by a 4.4% climb in food prices.

INDUSTRIAL PRODUCTION

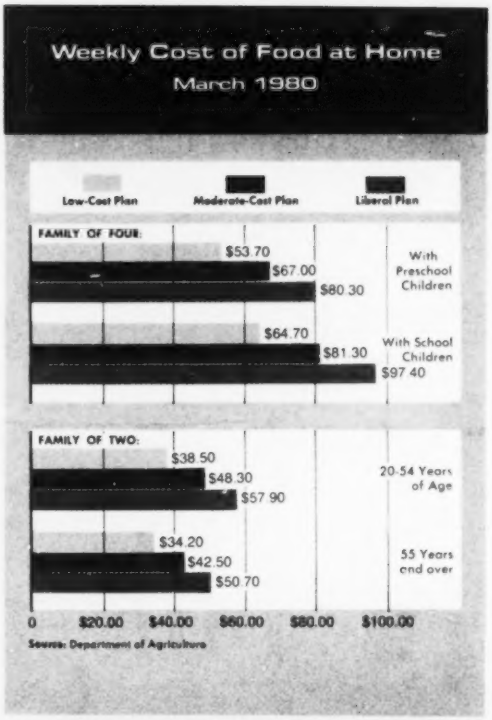
Industrial production increased by estimated 0.5% in August following 6 months of decline which had totaled 8.5%. August increase reflected large rise in output of construction supplies and consumer home goods. More moderate increases occurred in nondurable consumer goods and in most durable and nondurable materials industries. At 140.5% of 1967 average, index in August was 7.6% lower than year ago.

Output of consumer goods edged up 0.1% in August. Auto assemblies were down more than 12% from their July level. Output of construction supplies rose more than 2% in August following 6-month reduction which totaled almost 19%. Output of materials increased 1.0% reflecting gains in both durable and nondurable materials industries.

COST OF FOOD AT HOME

Cost of similar market baskets of food at home rose 6% between March 1979 and March 1980. Examples of low-cost plan in March 1980 was $64.70 for food for one week for family of four with school children and $38.50 for family of two between 20 and 54 years of age, compared to $61.10 and $36.40, respectively, for March 1979.

Liberal plan for food at home for one week was estimated to cost family of four with children in school $97.40 and for family of two between 20 and 54 years of age $57.90.

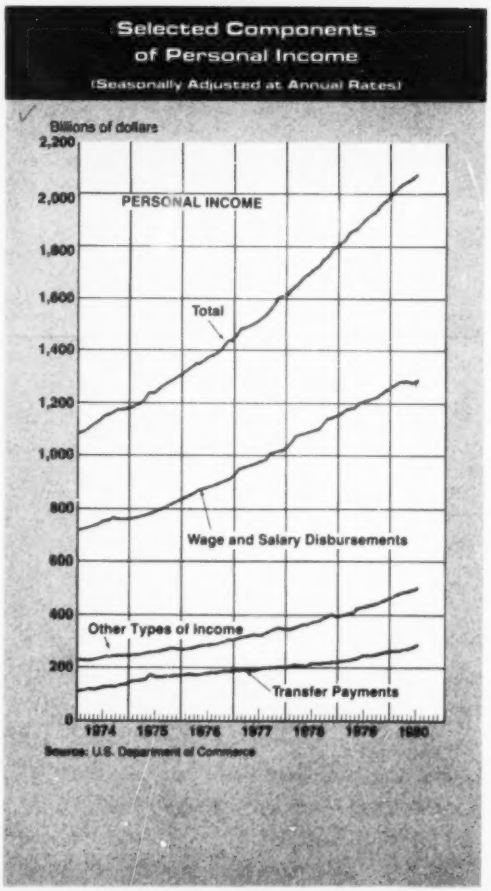


HELP-WANTED INDEX

The Conference Board's Help-wanted Advertising Index rose again in July, second monthly increase following steady decline during previous six months. At 118 (1967=100), seasonally adjusted Index rose three points above last month's reading of 115 but still remains 37 points below year-ago reading of 155. Want-ad volume increased in seven of the nine regions measured and fell in two. Greatest percentage decrease of 4.7% was recorded by West North Central region, followed by East North Central area's 1.1% loss. Largest gain occurred in East South Central region, 5.4%.

REAL EARNINGS

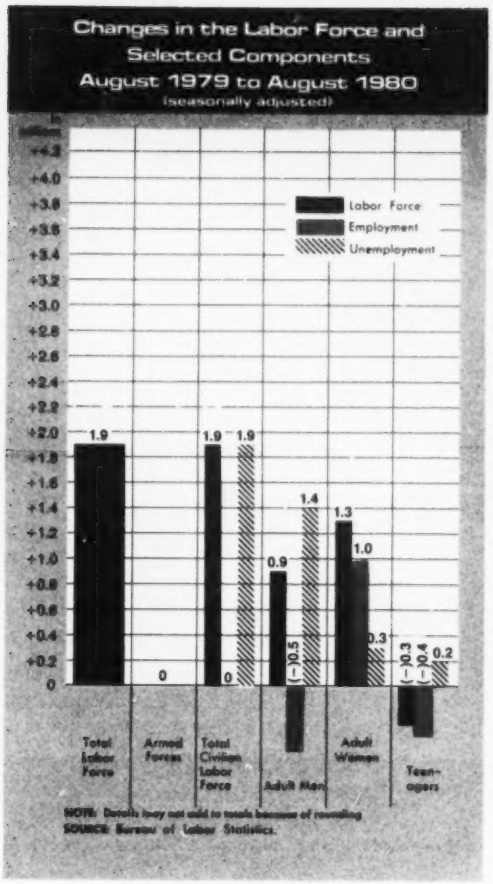
Real gross average weekly earnings were virtually unchanged from June to July after allowance for the usual seasonal variation. A 0.3% increase in average hourly earnings was offset by a 0.3% decline in average weekly hours with no change in the Consumer Price Index. Over year, real average weekly earnings were down 6.8%. A 7.5% increase in average hourly earnings was offset by 1.9% decline in average weekly hours and 13.0% increase in CPI. Real spendable earnings were virtually unchanged from June, seasonally adjusted. Over year, real spendable earnings were down 7.4%.



PERSONAL INCOME

Personal income increased $16.5 billion in August to seasonally adjusted annual rate of $2,137.9 billion, according to U.S. Department of Commerce. Personal outlays increased $19.8 billion to $1,727.7 billion. In July, personal income and personal outlays both increased $31.0 billion. Smaller increase in personal income in August was due to transfer payments, which declined $0.8 billion in August, following increase of $24.6 billion in July. Large July increase was mainly the result of a 14.3% cost-of-living adjustment to several transfer payment programs.

Wages and salaries increased $13.3 billion in August, commodity-producing industries' payrolls increased $5.7 billion. Distributive industries' payrolls increased $2.5 billion, service industries payrolls increased $4.2 billion. Government wages and salaries increased $0.9 billion. Nonfarm proprietors' income increased $0.9 billion in August, farm proprietors' income increased $0.3 billion, all other income items increased $3.8 billion.



EMPLOYMENT SITUATION

Employment showed some improvement in August, U.S. Department of Labor reported. Unemployment rate edged down from 7.8% to 7.6%, and number of unemployed persons dropped by nearly 200,000 to 8.0 million. Total employment held steady in August at 97.0 million, following rather sharp increase in July. Nonfarm payroll employment rose by 200,000 to 90.1 million. Manufacturing employment was up by 90,000 in August, and factory workweek registered its first increase since January.

Major demographic groups experienced little or no change in unemployment rates in August. Rate for adult men stood at 6.6%; adult women, 6.5%; teenagers, 19.1%. Jobless rate among workers in manufacturing industries was down full percentage point to 9.3%, with improvements shared by workers in both durable and nondurable goods sectors.

CAPITAL APPROPRIATIONS

Nation's 1,000 largest manufacturers lowered their capital appropriations in second quarter 1980, following sizable boost in first quarter, the Conference Board reported. Capital appropriations totalled $25.8 billion (seasonally adjusted) in second quarter, down 12.7% from first. First-quarter appropriations rose 27% over final quarter 1979. Appropriations ran well ahead of actual spending in second quarter, increasing backlog of previously appropriated but unspent funds. Appropriations were up 29% in petroleum industry in second quarter but fell 12.5% in the other nondurables industries, and were down 33% in durable goods sector. Actual capital spending by 1,000 largest firms was roughly unchanged in second quarter, up 0.6% following 8.4% advance in first quarter.

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